DIC ASSET

DIC

ANNUAL REPORT 2012

DIC ASSET AG AT A GLANCE

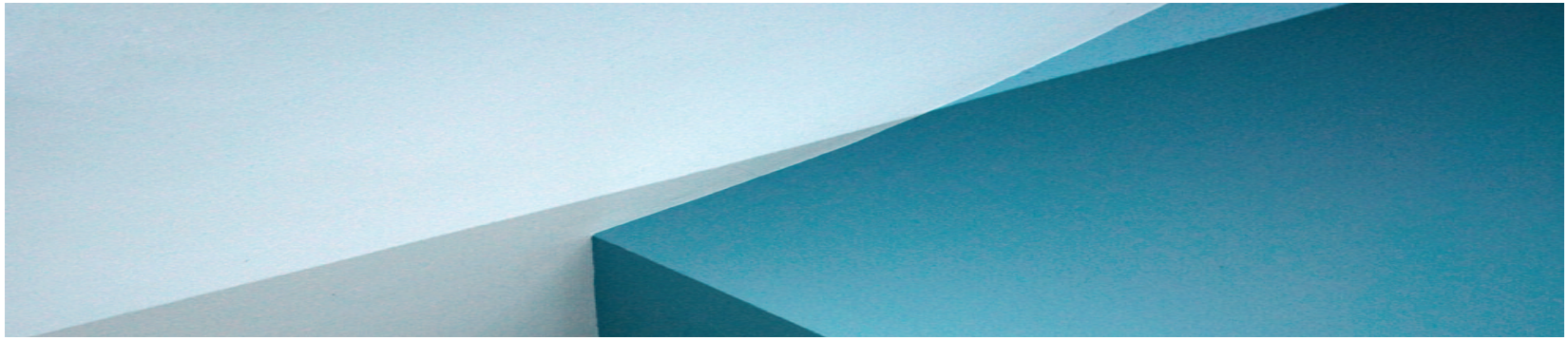
Key financial figures in EUR million	2012	2011	
Gross rental income	126.5	116.7	+8%
Net rental income	113.2	106.8	+6%
Fees from real estate management	5.7	5.3	+8%
Property disposal proceeds	75.7	17.7	+328%
Profits on property disposals	3.8	1.7	+124%
Share of the profit of associates	1.8	2.6	-31%
Funds from Operations (FFO)	44.9	40.8	+10%
EBITDA	102.1	95.6	+7%
EBIT	68.5	66.0	+4%
EPRA earnings	41.7	37.9	+10%
Profit for the period	11.8	10.6	+11%
Cash flow from operating activities	43.9	38.4	+14%

Key financial figures per share in EUR	2012	2011	
EPRA earnings	0.91	0.83	+10%
FFO	0.98	0.92	+7%
Net asset value	14.99	14.85	+1%

Balance sheet figures in EUR million	2012	2011	
Net debt equity ratio	31.2%	31.6%	-0.4 pp
Investment property	1,847.4	1,902.1	-3%
Net asset value	685.4	678.8	+1%
Total assets	2,210.2	2,244.6	-2%

Key operating figures	2012	2011	
Letting volume in sqm	237,800	247,000	-4%
Vacancy rate	10.9%	12.4%	-1.5 pp
Like-for-like rental income growth	1.0%	1.7%	-0.7 pp

CONTENT



Prof. Dr. Gerhard Schmidt, Chairman of the Supervisory Board, Ulrich Höller, Chief Executive Officer

DEAR SHAREHOLDERS,
BUSINESS PARTNERS,
EMPLOYEES AND FRIENDS,

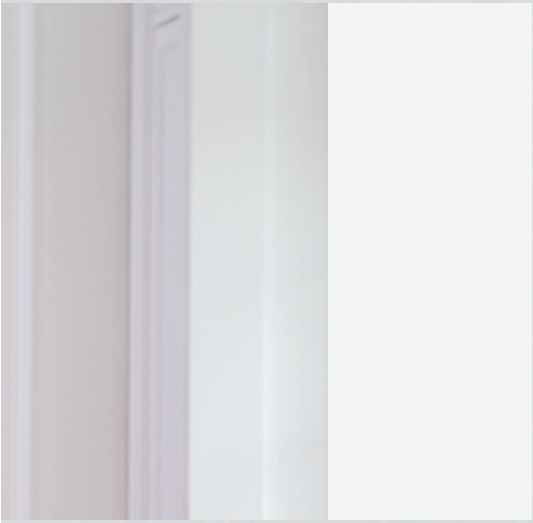
Many experts remained sceptical of economic developments in Germany during the past year, mainly because scarcely anybody expected the German economy to maintain its growth in the face of the problems facing some of its European neighbours.

The efficient organisation of German companies, the high quality of their products and the degree to which the German economy is connected with the global economy have again combined to generate growth despite all the external challenges. The real estate sector has benefited immensely from this. This was linked to key positive results for our company and our shareholders:

- We have improved the high quality of our earnings once again. In addition, we have acquired real estate on attractive terms and significantly reduced the vacancy rate through lettings.
- There has been notable progress in marketing for the MainTor development in Frankfurt.
- The crucial figure for our performance is the FFO, which we increased by approx. 10% to EUR 45 million compared with 2011.
- The financial structure was strengthened by a total of EUR 640 million and the corporate bond increased to EUR 100 million.
- The DIC Asset AG share price gained considerably in the past year; at the beginning of 2013, it again rose significantly.
- Our shareholders are to share the proceeds of this growth. We shall again pay a dividend of EUR 0.35 per share, which equates to an attractive dividend yield of 4.8%.

At the same time, we have achieved key strategic objectives with these good results, the full effect of which is still to be felt. DIC Asset AG is positioned attractively for growth and future profits.

Today, our financing structure is stronger than it was previously: the term of our debt has increased significantly. In addition, we were able secure very attractive terms – at 3.25%, the interest on newly arranged Commercial Portfolio financings is well below the previous cost of funds. We have already dealt with the majority of our financing requirements for 2013.



The constantly outstanding letting activities, which resulted in lettings of some 240,000 sqm, have raised the quality of our portfolio to a new level. In the last two years, the vacancy rate has been reduced sharply by 3.5 percentage points to 10.9%. Bucking the trend, we are maintaining an average tenancy length of over 5 years. We have a portfolio with such profitability and stability that operating success will continue to be guaranteed in future.

There has also been significant progress in the new Funds business segment, attracting capital resources worth over EUR 90 million (including our co-investment stake) for our second special fund, "DIC HighStreet Balance", in 2012. This will allow us to make acquisitions of top-quality retail properties worth some EUR 170 million. In the next two years, we will gradually expand the fund volume planned for the two special funds to around EUR 700 million.

We were able to press ahead with the implementation of the MainTor quarter far more rapidly than planned in 2012. It can thus already be described as a very considerable success: around 60% of the entire project is already being implemented. A significant basis for generating future profits has already been laid through significant sales and successful rentals: as co-investor , we will benefit from this progress in the years to come.

In summary, we can say: in 2012, we achieved all of our important goals and in some cases even exceeded them. This is a good starting position for business development in 2013. This year too, we will stick to our course of generating growth that maximises our earnings in the medium and long term to the benefit of our employees and shareholders. We shall use acquisitions and optimise our existing properties to add value within our portfolio. In 2013, for example, we aim to significantly decrease the vacancy rate again.

In view of the slowdown in the economic environment, our objectives are ambitious but achievable. This is because DIC Asset AG has the preconditions in place to implement them: capital-efficient structures, a strong portfolio with stable earnings as a starting point, a Germany-wide network for dealing efficiently with even challenging property-related tasks, however difficult they may be, and, last but not least, highly motivated and qualified employees.

We would like to take this opportunity to thank our employees for their major commitment and excellent performance, which has made a decisive contribution to the company's good results. Successful growth, particularly under difficult conditions, will give us a significant edge over our competitors. We would like you, as shareholders, to participate in this growth, and would like to express our heartfelt thanks for your support to date.

Yours sincerely,

Prof. Dr. Gerhard Schmidt
Chairman of the Supervisory Board

Ulrich Höller
Chief Executive Officer

INVESTOR RELATIONS AND CAPITAL MARKET

INVESTMENT PROFILE FOR DIC ASSET AG

- **Clear focus** on the German commercial real estate market
- **Balanced investments** in major office locations and strong business regions
- **Continuous high-quality income** from rents and management fees, which is secured long-term
- **Attractive results** from sales and co-investments (funds, joint venture portfolios, project development)
- **Balanced financing structure**, high interest cover ratio
- High yield, diversified **portfolio generating a stable FFO**
- **In-house real estate management** with around 100 experienced employees at local level
- Ongoing and **attractive dividend policy**
- **Experienced management** with strong track record

Unexpectedly positive year for shares

Even if uncertainty about the future of the European single currency was the dominant issue in 2012, the year ended surprisingly positively. This was thanks most notably to the large-scale rescue measures by the European Central Bank (ECB), which made a considerable contribution to calming the financial markets, and not just in the short term.

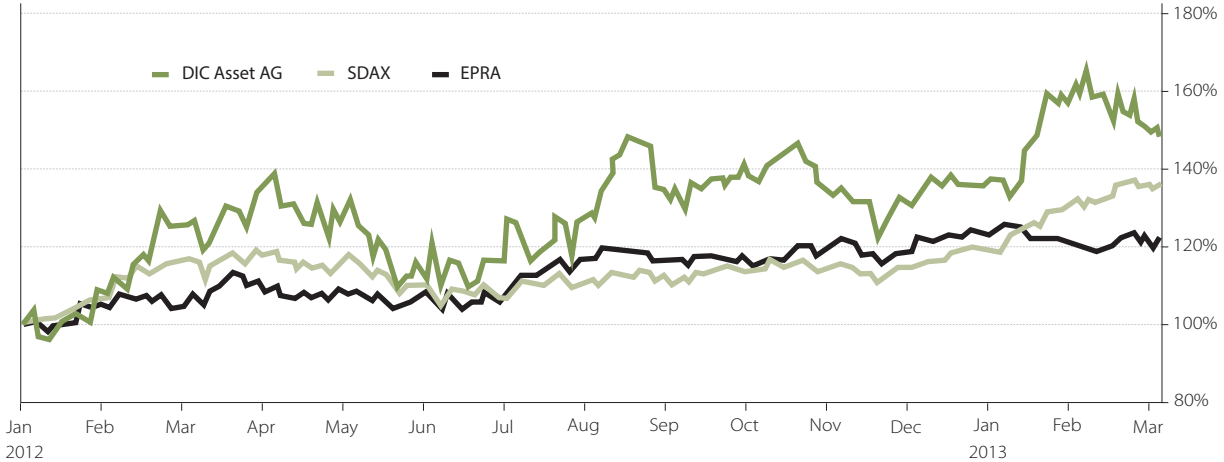
The German stock markets benefited from the uncertainty on the market, as investors favoured tangible assets and the low level of interest rates also meant there was a dearth of attractive investment opportunities. The larger German stocks in the DAX and MDAX, in particular, posted above-average performances. The strength of the German economy also meant that international investors were attracted, since the German economy remained stable while many countries in the euro zone were already mired in recession.

DIC Asset share significantly exceeds reference values

Our share made a weak start in the new year and reached its lowest level for the year in mid-January at EUR 5.14. At that time, European stock markets were under pressure after the ratings of nine European countries were downgraded. However, this brief setback in the market was followed by a strong rally lasting until April, which drove our share up to EUR 7.34 in a positive market. In the second quarter, market players' doubts regarding the potential demise of the single currency increased sharply once more – stock markets were depressed most notably by a possible victory for the Eurosceptics in the elections in Greece and a change of political direction in France following the presidential elections. The DAX fell below 6,000 points up to June, with the DIC Asset share slumping to EUR 5.85.

Market players' persistent scepticism was dispelled temporarily by the ECB's large-scale rescue strategy. The election of a new ECB President was followed in summer first by a clear commitment to a decisive rescue of the euro and a little later by the plan for unlimited bond purchases by the ECB. In a quieter market, the DAX subsequently rose by a good quarter between June and the end of the year, virtually returning to its level before the financial crisis. Our share also rose strongly by the end of the year and closed on EUR 7.31.

STOCK MARKET TREND



BASIC DATA ON THE DIC ASSET SHARE

Number of shares	45,718,747 (no-par bearer shares)
Share capital in EUR	45,718,747
WKN / ISIN	509840 / DE0005098404
Ticker symbol	DAZ
Free float	52.4%
Key indices	SDAX, EPRA, DIMAX
Exchanges	Xetra, all exchanges in Germany
Deutsche Börse segment	Prime Standard

KEY FIGURES [1]

		2012	2011
Net asset value per share	EUR	14.99	14.85
FFO per share	EUR	0.98	0.92
FFO yield [2]		13.4%	17.2%
Dividend per share	EUR	0.35	0.35
Dividend yield [2]		4.8%	6.5%
Annual closing price		7.31	5.36
52-week high	EUR	7.96	10.88
52-week low	EUR	5.00	4.90
Number of shares on 31.12.	in thousand	45,719	45,719
Market capitalisation [2]	EUR million	334	245
Price on 04.03.2013	EUR	8.20	

(1) Xetra closing prices in each case
(2) in relation to the Xetra annual closing price

In 2012, the DIC Asset share rose by 36% in total, thus significantly outperforming the comparable indices. The EPRA/NAREIT Europe Index, which tracks the largest listed joint-stock companies in Europe, only posted growth of 23%. The DAX rose by 29% and the SDAX by 19%. As at 31 December 2012, the market capitalisation of DIC Asset AG stood at EUR 334 million.

Strong support from analysts for our share

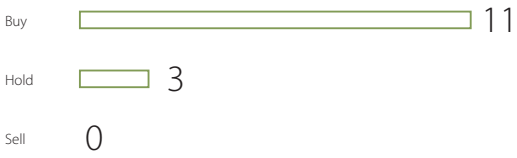
Our company benefits from being monitored intensively by a wide range of analysts, who play a key role in making investors more aware of our share. A total of 14 analysts and institutions now report regularly on our business development. This is certainly due to a large extent to our successful business model and to our relevance as a major player on the German commercial real estate market - but we also believe that our active and continuous collaboration with the analysts plays a part here.

Following the end of the 2012 financial year, the majority of analysts are confident about our company's medium- and long-term potential, as is clear from the current analysts' recommendations. At the end of February 2013, 11 analysts recommend buying – corresponding to a percentage share of 79%. (2011: 93%). Three analysts recommend holding the share, nobody recommends selling it. We always publish up-to-date appraisals by analysts promptly on our website.

Stable shareholder structure

The shareholder structure remained largely unchanged during 2012. The DIC Group holds 35.4% of the shares, as the largest

ANALYSTS' COVERAGE



Bank/financial institute	Analyst	Current recommendation
ABN AMRO	Michiel de Jonge	Hold
Baader Bank	Andre Remke	Buy
Bankhaus Lampe	Dr. Georg Kanders	Buy
Berenberg Bank	Kai Klose	Buy
Close Brothers Seydler	Manuel Martin	Buy
Commerzbank	Thomas Rothäusler	Buy
DZ Bank	Ulrich Geis	Buy
HSBC	Thomas Martin	Overweight
Kempen & Co	Thomas van der Meij	Neutral
Kepler Capital Markets	Dirk Becker	Buy
Metzler	Jochen Schmitt	Buy
Société Générale	Marc Mozzi	Buy
Solventis	Ulf van Lengerich	Buy
Viscardi	Robert Willis	Buy

As at March 2013

single shareholder, followed by MSREF with 7.1% and then solvia Vermögensverwaltung with 5.1%. The free float stands at 52.4% (2011: 49.1%). We are not aware of any additional shareholders which directly or indirectly hold more than 10% of share capital. We publish all available voting rights announcements on our website.

Bond increase to EUR 100 million

In recent months, we took advantage of the increased interest and demand for our bond and we issued a bond volume of an additional EUR 30 million to institutional investors as part of a private placement. With a total volume of EUR 100 million, our bond was fully placed in January 2013, although the recent demand would have allowed for a greater volume. The non-subordinated, unsecured corporate bond was issued in May 2011 to broaden our financing base. It was floated at an interest rate of 5.875% p.a. and a term of five years and is currently traded over the counter at the Frankfurt Stock Exchange in the Prime Standard for corporate bonds segment.

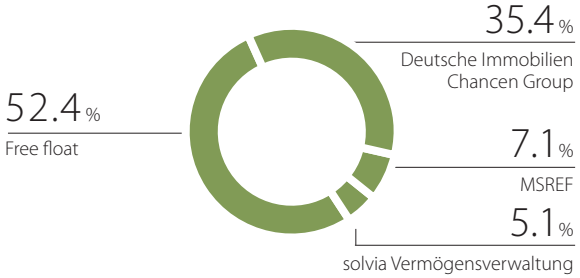
With sales of some EUR 250,000 per day, the bond is registering strong demand and good liquidity on the Frankfurt Stock Exchange. It was priced at around 98% on average during the year. At the end of February 2013, it was at 101.5%.

Attractive dividend planned

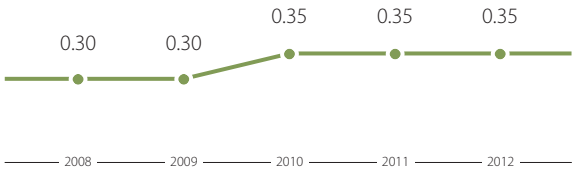
The amount of our dividend payment is always geared primarily to the operating profit from property management. The success of our business model, which is based on sound earnings from a highly diversified portfolio, is reflected here. Additional factors include the company's current condition as well as the assessment of future market development and the need for financing.

We are continuing to pursue our dividend policy: for the past financial year, the Management Board shall propose a dividend payment of EUR 0.35 per share (totalling around EUR 16 million) to the General Shareholders' Meeting. We have achieved our operating targets in 2012 and, secondly, we have successfully implemented other key strategic objectives, particularly growth through acquisitions, successful lettings, attractive sales and significant progress in funds and development projects. We want to allow our shareholders to participate in this appropriately and at a high level. The dividend payment corresponds to an attractive return of approximately 4.8% on the closing price.

SHAREHOLDER STRUCTURE



DIVIDEND PER SHARE in Euro



BASIC DATA ON THE DIC ASSET BOND

Name	DIC Asset AG bond 11/16
ISIN / WKN	DE000A1KQ1N3 / A1KQ1N
Abbreviation	DAZA
Deutsche Börse segment	Prime Standard for corporate bonds
Minimum investment amount	EUR 1,000
Coupon	5.875%
Issuance volume	EUR 100 million
Maturity	16.05.2016

KEY FIGURES

	2012	2011
Annual closing price	**98.75%**	92.30%
Yield at annual closing price	**6.28%**	8.02%
Price on 04.03.13	**101.55%**	
Yield	**5.33%**	

IR ACTIVITIES IN 2012

First Quarter

24.01.	DIC Analysts' Evening to mark the start of the year	Frankfurt
31.01.	Roadshow	Hamburg
02.02.	Close Brothers Seydler Small & Mid Cap Conference	Frankfurt
01.03.	HSBC Real Estate and Construction Conference	Frankfurt
13.03.	Publication of 2011 annual results*	
15.03.	Kempen European Property Seminar	New York
20.-29.03.	Roadshows on the 2011 annual financial statements; Frankfurt, Munich, Amsterdam, Zürich, Genf	

Second Quarter

03.-04.04.	Deutsche Bank Real Estate Conference	Frankfurt
03.05.	Roadshow	London
15.05.	Q1 2012 publication*	
31.05.	Kempen European Property Seminar	Amsterdam
21.06.	Morgan Stanley European Property Conference	London
26.06.	Close Brothers Seydler Small & Mid Cap Conference	Paris

Third Quarter

03.07.	General Shareholders' Meeting	Frankfurt
15.08.	Q2 2012 publication*	
21.08.	Roadshow	Frankfurt
23.08.	Commerzbank German Office Event	London
05.09.	Real Estate Share Initiative Conference	Berlin
06.-07.09.	EPRA Annual Conference	Berlin
12.-13.09.	BoA Merrill Lynch Global Real Estate Conference	New York
25.09.	Berenberg/Goldman Sachs German Corporate Conference	Munich
26.09.	UniCredit German Investment Conference	Munich
27.09.	Baader Investment Conference	Munich

General Shareholders' Meeting

The General Shareholders' Meeting for the 2011 financial year took place on 3 July 2012. The shareholders agreed to ratify the actions of the Management Board and Supervisory Board and to pay a dividend of EUR 0.35 per share and to all the other agenda items. Payment of the dividend totalling EUR 16.0 million took place immediately afterwards on 4 July 2012. The members of the Supervisory Board Prof. Dr. Gerhard Schmidt, Klaus-Jürgen Sontowski and Michael Bock were re-elected to the Supervisory Board for four years following the end of their period in office.

Active capital market communication

We work daily to provide all investors and analysts with sufficient information for their investment decisions and recommendations and to make this information open, transparent and fair. We provide comprehensive, prompt and objective information regarding our strategy and all events of relevance to the capital market relating to DIC Asset AG. Due to the importance of information requirements, the Investor Relations Department reports directly to the Management Board.

In the past year, we have worked intensively on giving investors an understanding of our business model and the specific features of our financing structure. In a market which sees any kind of borrowing as a risk in some cases, work was and is required to persuade investors of its merits. To improve the transparency of our operations overall, we also repositioned our business segments on a regional basis in the 2011 financial year. We also significantly expanded the information that we make available to investors and the public in 2012. The greatest innovation here was the publication of a Sustainability Report for the first time in March 2012 and an update to this in December 2012.

For reporting on 2012, we issued a financial report immediately after the determination of the annual and group financial statements in order to inform our investors and shareholders immediately and more efficiently.

Some 240 discussions held and properties viewed

In 2012, the Management Board and IR team held 240 discussions and property tours with our shareholders, investors and analysts. In addition, we participated in 18 investor conferences and organised ten roadshows with institutional investors in seven different countries. Apart from providing information and maintaining contact with current investors, the aim of these events is always to attract new shareholders in order to further develop our shareholder structure and to increase trading volume in both our share and our bond.

We also explain our results in detail immediately after the publication of the annual and quarterly figures and answer questions in teleconferences. We also go beyond the mandatory disclosures in updating information in the Investor Relations section of our website promptly. We report there in greater detail on analysts' reports, for example, and make company presentations with the latest information on business development available.

Fourth Quarter		
12.11.	Equity Forum	Frankfurt
13.11.	Q3 2012 publication*	
14.11.	DZ Bank Equity Conference	Frankfurt
23.11.	Roadshow	Hamburg
27.11.	UBS Global Real Estate Conference	London
29.11.	Roadshow	Brüssel
12.12.	Close Brothers Seydler Conference	Genf

* with conference call

Contact

Tel. +49 69 9 45 48 58-86
Fax +49 69 9 45 48 58-99
ir@dic-asset.de

Immo von Homeyer
Head of Investor Relations & Corporate Communications

Peer Schlinkmann
Investor Relations Manager

Key association activities

We are involved most notably in two very influential and powerful associations: ZIA (Zentraler Immobilien Ausschuss, the association of the German real estate industry) and EPRA (European Public Real Estate Association, the well-known worldwide association for listed real estate companies) in order to work together with other individuals in the industry to improve the perception of real estate companies. The CEO Ulrich Höller campaigns on the Management Boards of EPRA and ZIA as Executive Management Board member and Vice Chairman respectively; the CFO Markus Koch contributes his expertise to EPRA's Reporting & Accounting Committee and on the corresponding ZIA committee. The head of Investor Relations Immo von Homeyer also supports various activities on the EPRA Investor Relations Committee and at ZIA in order to develop professional contacts with investors and the media in our sector.

Annual Report receives an international award

We have received major awards in prestigious competitions for the 2011 Annual Report. In the overall assessment, our annual report was selected by the jury at LACP Vision Awards, the largest international Annual Report competition, as among the ten best reports in the world from among over 5,500 participants. As a result the report came first in the real estate sector for the third time in succession. Our report was also given the highest award, a gold, at the ARC awards.

In preparation: DIC Investors' Day

We shall hold our second DIC Investors' Day on 18 and 19 April 2013, to which we have invited investors, finance partners and major key players and multipliers in the industry. Cross-sector panel discussions with opinion leaders from the economic and political worlds will provide the framework and starting point for animated discussions. As host, we should also like to support the exchange of information and networking within our industry and beyond it. On 19 April, the Management Board will give shareholders and analysts an overview of current issues. A property tour will also take place in Frankfurt, during which participants will be able to view newly acquired properties in addition to the progress on the MainTor district.

IR CALENDAR 2013

First Quarter		
21.01.	DIC Analysts' Evening to mark the start of the year	Frankfurt
05.02.	Close Brothers Small & Mid Cap Conference	Frankfurt
28.-29.02.	HSBC Real Estate and Construction Conference and HSBC Property Tour	Frankfurt
05.03.	Publication of 2012 financial report *	
06.03.	Roadshow	Boston
06.-20.03.	Roadshows Frankfurt, Hamburg, Munich, Zürich, London	
07.-08.03.	Kempen Property Seminar	New York
14.03.	Publication of 2012 Annual Report	

Second Quarter		
12.04.	Bankhaus Lampe Germany Conference	Baden-Baden
18.-19.04.	DIC Investors' Day	Frankfurt
14.05.	Q1 2013 publication in conference call	
22.-23.05.	Commerzbank German MidCap Conference	Boston, New York
29.05.	Kempen European Property Seminar	Amsterdam

Third Quarter		
03.07.	General Shareholders' Meeting	Frankfurt
13.08.	Q2 2013 publication *	
05.-06.09.	EPRA Annual Conference 2013	Paris
23.-25.09.	Berenberg / Goldman Sachs German Corporate Conference	Munich
24.-26.09.	UniCredit German Investment Conference	Munich
24.-26.09.	Baader Investment Conference	Munich

Fourth Quarter		
03.10.	Société Générale Annual Real Estate Conference	London
13.11.	Q3 2013 publication *	

* with conference call

SUMMARISED MANAGEMENT REPORT

UNDERLYING PRINCIPLES OF THE GROUP

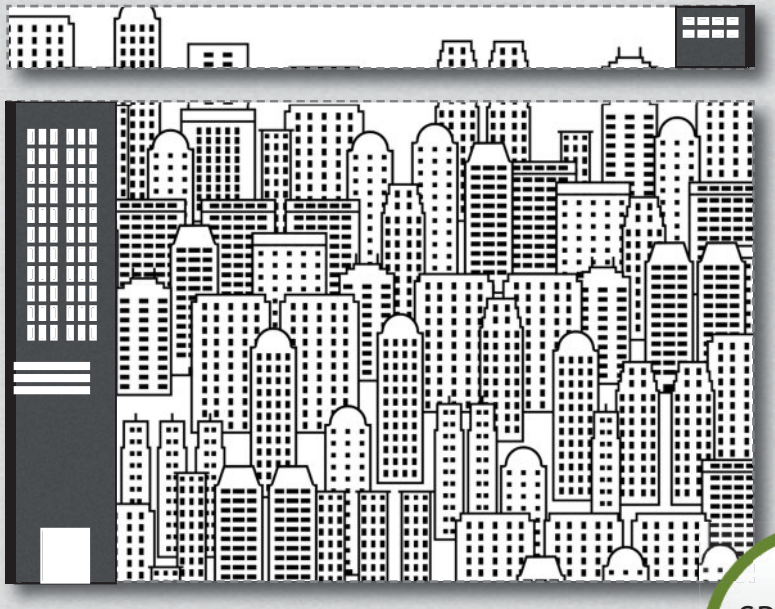
BRIEF PROFILE

DIC Asset AG, with registered office in Frankfurt am Main, is a real estate company that focuses exclusively on investing in German office and commercial real estate. The real estate portfolio amounts to approximately EUR 3.4 billion with around 270 properties, of which EUR 2.2 billion is shown pro rata in the DIC Asset AG balance sheet.

The aim of DIC Asset AG's investment strategy is to continue developing a quality-oriented, high-yield, regionally diversified portfolio. The real estate portfolio is divided into two segments: The Commercial Portfolio (EUR 1.9 billion) comprises portfolio properties leased long-term, offering attractive rental yields and owned by DIC Asset AG. The co-investments segment (EUR 0.3 billion) comprises fund investments, joint venture investments and investments in project developments.

In-house property management teams in six branches located in the regions where the portfolio is concentrated manage tenants directly. This market presence and expertise provide the basis for maintaining and increasing income and the value of our real estate.

Real estate assets /
portfolio segments

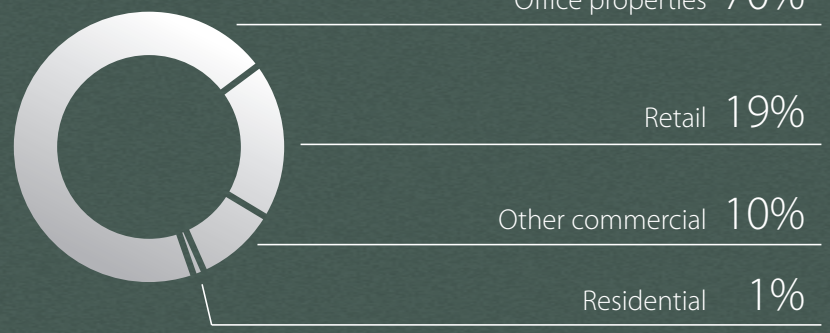


12 % **Co-Investments**
Funds investments,
joint venture investments,
investments in developments

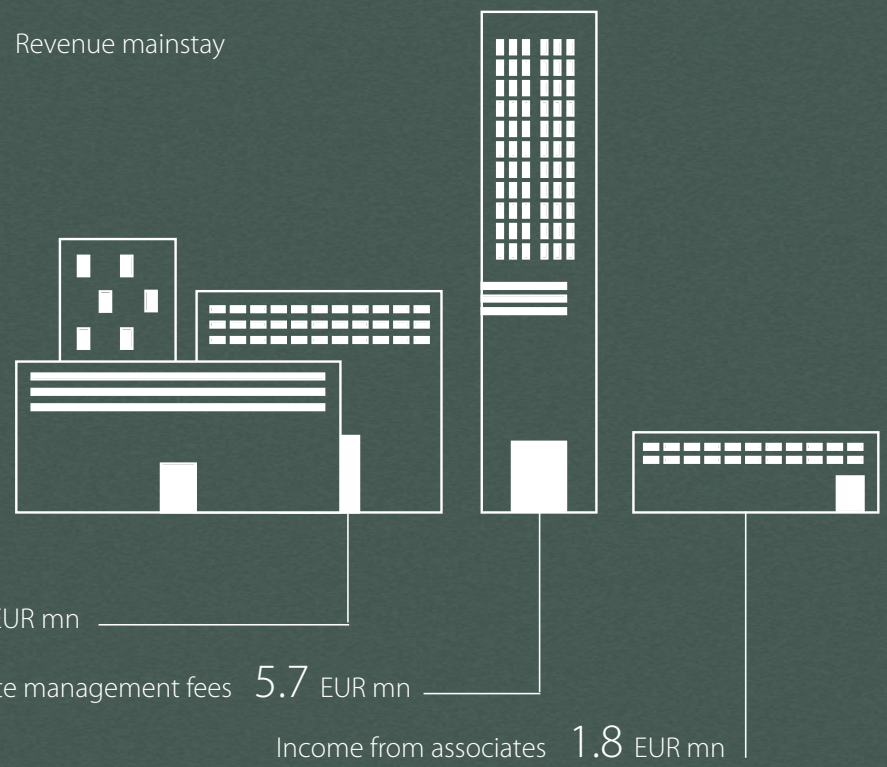
88 % **Commercial Portfolio**
Properties with long-term leases and
high rental yields

FULL SPECTRUM
of investment profiles

Types of use
pro rata rental income p.a.



Revenue mainstay



OUR EARNINGS AND INVESTMENT STRUCTURE

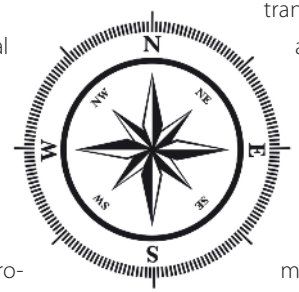
Our business model is based primarily on substantial **earnings**, secured long-term, **from property portfolio management** with the focus on office properties. The rental income is highly diversified in terms of regions, sectors and tenants.

We achieve regular income from attractive, long-term tenancy agreements from our existing portfolio of direct **real estate investments** (Commercial Portfolio). We also receive investment income from our **co-investments**. In this segment, we invest indirectly by taking minority interests in properties offering a higher risk-reward profile, development projects and special funds. We also receive recurring, long-term management income from providing asset and property management services for our co-investments. Our sales round off our total income.

MULTI-LAYERED GERMAN MARKET

The real estate industry is of major significance for the German economy: It is the second-largest branch of industry in Germany and real estate thus also accounts for an inordinate proportion of German assets. In addition, the German commercial investment market is extremely attractive to both national and international investors.

The transaction market for German commercial properties is stable, with long-term liquidity, and international investors also playing a significant role. In addition, office properties in particular offer a high level of flexibility with regard to rental and are generally quite easy to put to alternative use. Compared to other European countries, the domestic commercial property market is very heterogeneous, regionally diversified and covers many different-sized market players.



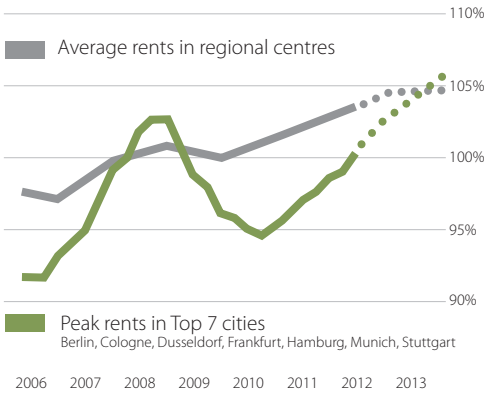
REGIONAL SEGMENTATION AND COMPANY LOCATIONS

There are high volumes of office space, a very active level of transactions and liquid trading, strong competition and therefore more marked price and rent movements, but also often greater vacancies, in the major economic centres of Frankfurt, Hamburg, Berlin, Düsseldorf, Cologne and Munich. At the same time, there is a multitude of medium-sized towns and cities, which form the centre of economically strong regions. The competition is less fierce in these regions and transactions less frequent, but prices and rents are relatively stable and vacancy rates are mostly lower.

Because, through our branch offices, we operate throughout Germany, we are able to exploit the advantages and opportunities offered by cities and regional centres and appropriately diversify our property portfolio while minimising risk. This also allows us to provide efficient and rapid-response local management of our tenants and properties and to ensure that we remain well-integrated in the market.

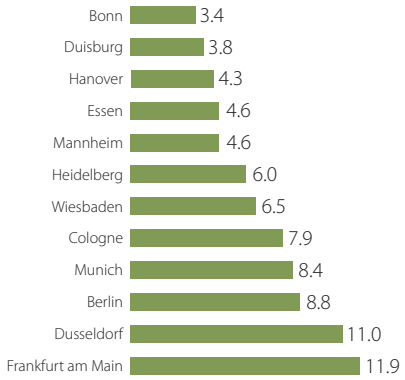
HIGHER POTENTIAL IN MAJOR CITIES

Long-term benchmark comparison



CONSIDERABLE STABILITY IN REGIONAL CENTRES

Office vacancy rate in %



INVESTMENTS IN LARGE METROPOLITAN AREAS

by investment volume

around 50%

INVESTMENTS IN REGIONAL CENTRES

by investment volume

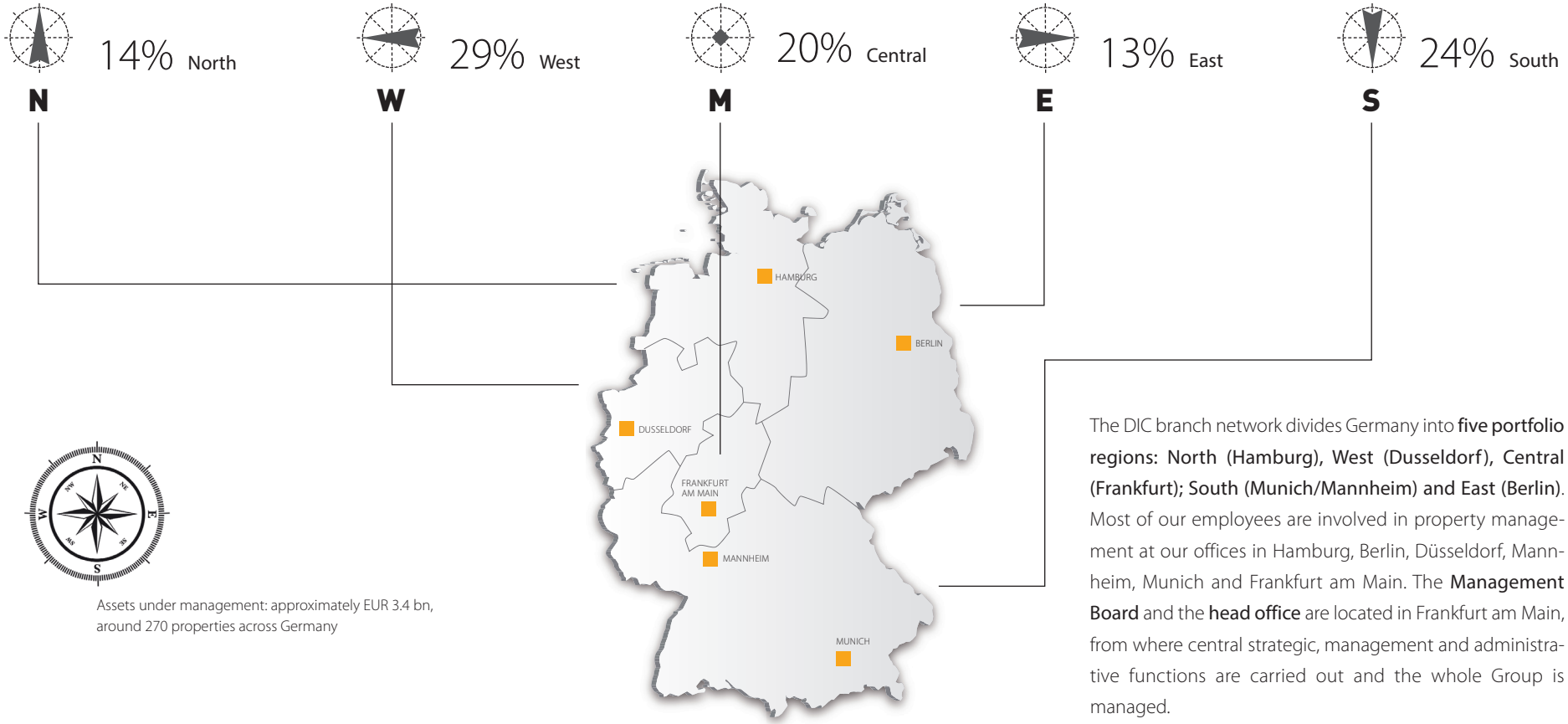
around 50%

Portfolio by region *	North	East	Central	West	South	Total 31.12.2012	Total 31.12.2011
Number of properties	45	34	57	62	71	**269**	278
Market value in EUR million	238.1	270.7	642.4	656.6	415.7	**2,223.5**	2,202.3
Rental space in sqm	176,600	157,700	254,100	365,700	301,900	**1,256,000**	1,228,100
Portfolio share by rental space	14%	13%	20%	29%	24%	**100%**	
Annualised rental income in EUR million	15.6	20.7	31.8	43.3	30.5	**141.9**	139.5
Rental income in EUR per sqm	7.80	11.50	12.40	10.90	8.70	**10.30**	10.50
Lease maturity in years	6.2	4.3	6.0	5.3	4.1	**5.2**	5.5
Gross rental yield	6.7%	7.6%	6.0%	6.6%	7.4%	**6.8%**	6.6%
Vacancy rate	5.2%	7.8%	18.8%	12.1%	7.6%	**10.9%**	12.4%

* All figures pro rata, except number of properties; all figures excluding developments, except number of properties and market value

Regional distribution of the portfolio

by rental space

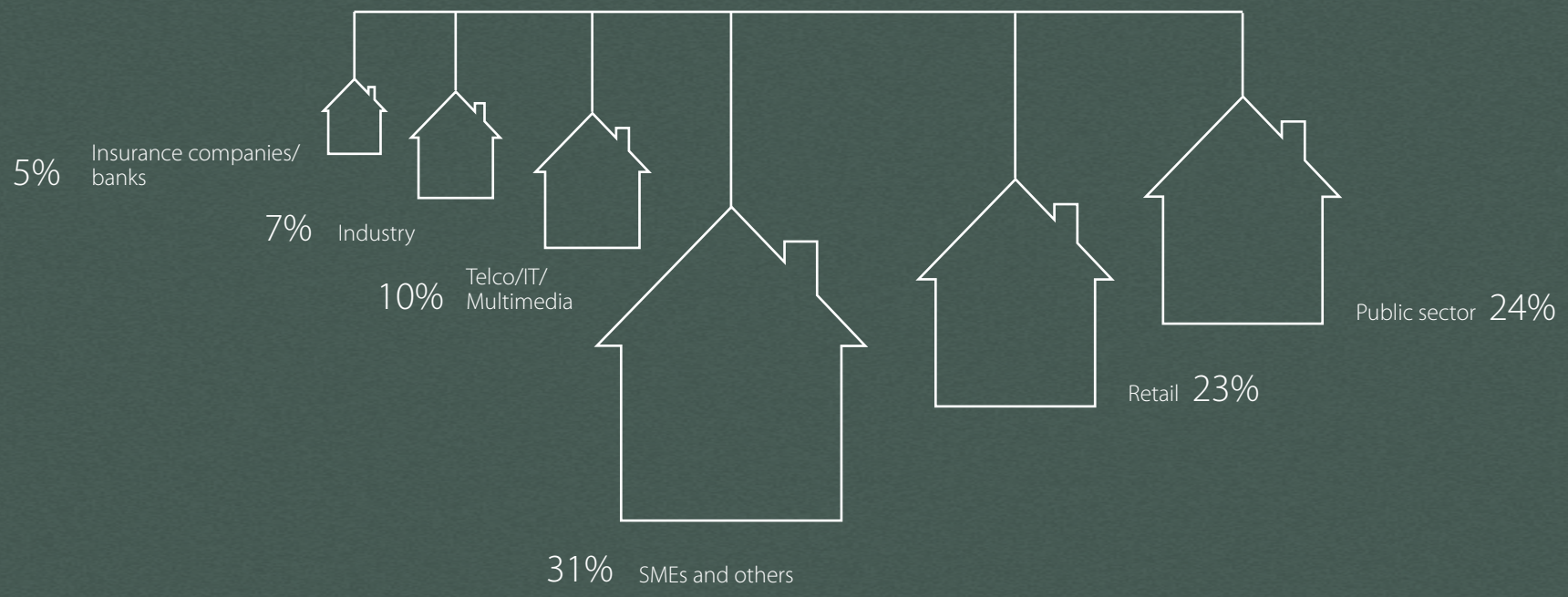


Assets under management: approximately EUR 3.4 bn, around 270 properties across Germany

The DIC branch network divides Germany into **five portfolio regions: North (Hamburg), West (Dusseldorf), Central (Frankfurt); South (Munich/Mannheim) and East (Berlin)**. Most of our employees are involved in property management at our offices in Hamburg, Berlin, Düsseldorf, Mannheim, Munich and Frankfurt am Main. The **Management Board** and the **head office** are located in Frankfurt am Main, from where central strategic, management and administrative functions are carried out and the whole Group is managed.

Tenant structure

Basis: pro rata rental income p.a. (as at 31.12.2012)



DIVERSIFIED PORTFOLIO

It comprises real estate assets under management of EUR 3.4 billion with a rental area of 1.9 million sqm and generates pro rata annual rental income of over EUR 140 million (including co-investments). Our focus is concentrated on office properties (approximately 70%) and retail (approximately 20%). Thanks to our Germany-wide property management service, we are able to operate equally effectively in cities and in regional centres. Investment is concentrated in the rapidly growing western and southern federal states (Central region approximately 20%, South approximately 25% and West approximately 30%). At the same time, this investment is very evenly balanced with 50% of total investment respectively being accounted for in both the major office locations and the regional economic centres.

Long-term rentals averaging 5.2 years and the reduction in the vacancy rate to below 11% are a reliable basis for stable cash flows. Compared with the rest of the industry, our portfolio is broadly diversified and consequently allows us to spread risk effectively. Our tenant structure is characterised by a balance between small and large tenants; it comprises approximately 1,400 commercial tenancies in total. It is also concentrated in various rapidly-growing industries.

Approx. 37% of income is attributable to the 10 largest tenants and approx. 50% to the 20 largest. As a rule, several tenancy agreements, frequently allocated to various properties in different towns, are concluded with our large tenants. Our tenant structure therefore reduces cluster risks to a large extent.

POSITIONING AND COMPETITIVE STRENGTHS

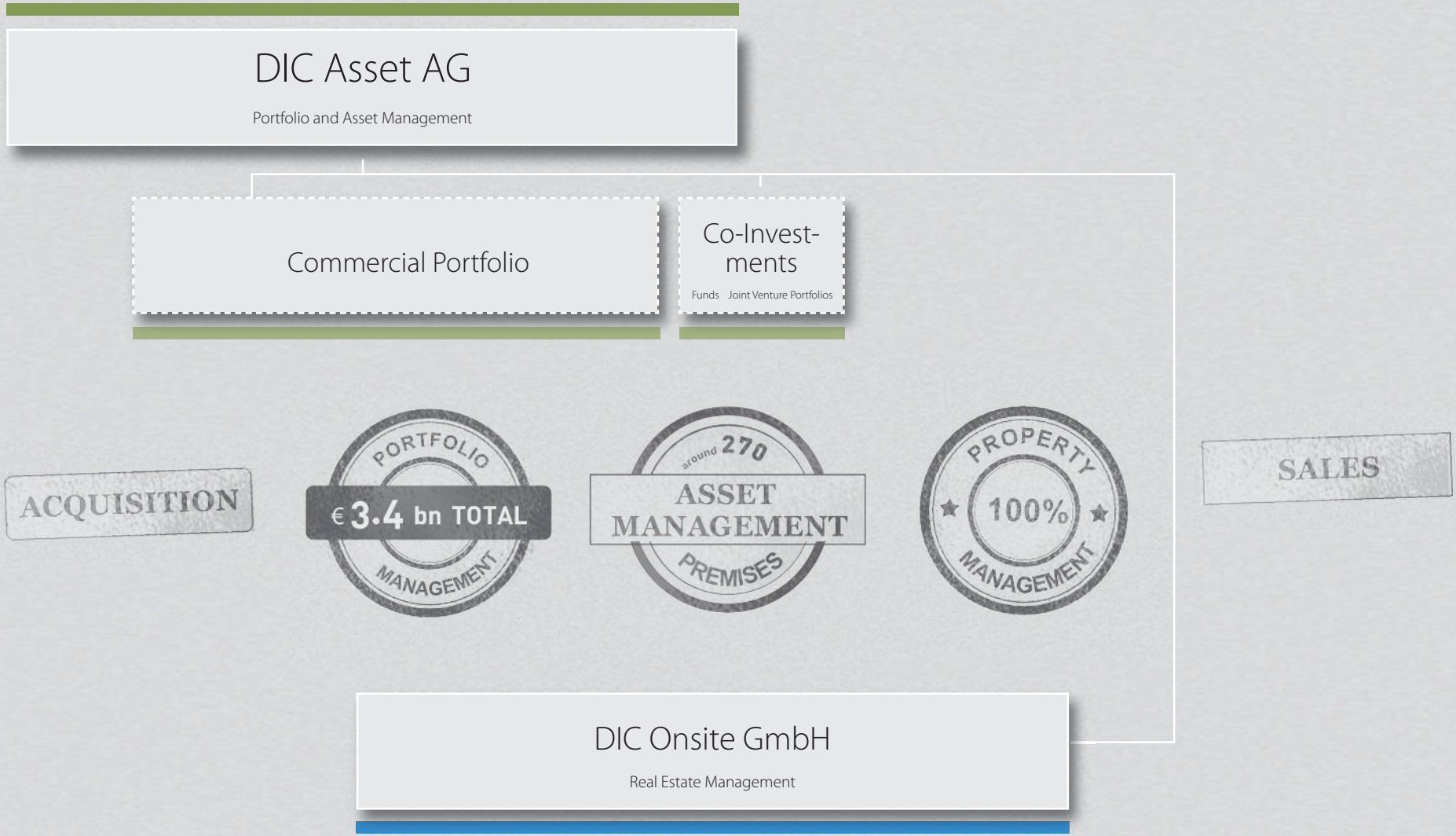
In order **to conclude lease agreements successfully**, our offering must be better than that of competing properties of similar quality in a comparable location and price category. The competition varies by location and is particularly high in the major cities. In this process, price is just one of the criteria; it is the whole package that is the deciding factor for tenants. Our **local presence** gives us advantages in terms of client retention, response times and proximity to the market, above all in comparison with investors located far away. We talk to our potential clients directly on the spot and are able to adapt our portfolio to meet regional needs. In addition, we are able to provide appropriate investment capacity on occasion.

When **acquiring** real estate, we compete with local, national and international companies. The intensity of the competition depends, among other things, on economic factors, the situation in the sector and the availability of equity and borrowed capital. Our regional presence and detailed market knowledge give us a clear advantage, above all over international competition. We are therefore often in a position to realise acquisitions as an exclusive bidder in off-market transactions.

When **selling real estate**, we are pitted against market players offering properties in comparable income and risk categories, of comparable quality and offering a comparable return. Our good access to banking partners means that we are in a position with long-term financing to sell when the appropriate occasion arises and also to adapt to the market conditions. In addition, our regional market knowledge and established networking in the investment market gives us the opportunity to identify suitable purchasers and to approach them in a targeted manner and so to position selected properties favourably. With our range of **special funds** for institutional investors, we compete with providers of comparable long-term investment opportunities, most notably special funds governed by German legislation. The fact that we **manage our assets ourselves** and our investors are able to rely on our proven, longstanding track record in property management and investment expertise gives us an advantage compared with other offerings. Our 20% stake also proves to our investors that we share a common interest with them over the long term.

STRATEGIC GROUP STRUCTURE

As the parent company, DIC Asset AG manages the Group. All management functions are brought together here centrally, including amongst other things the setting of Group strategy (and in particular the investment, portfolio management and disposals strategy), corporate and real estate financing, risk management as well as the steering of property management. Furthermore, responsibility for corporate communications, including contact with the capital and financial markets and shareholders, is at Group level. Two DIC Asset AG subsidiaries also have important operational duties: DIC Onsite GmbH is responsible for real estate management through six branch offices, and DIC Fund Balance GmbH is responsible for the funds business segment.


DIC Asset AG
Portfolio and Asset Management
Commercial Portfolio
Co-Invest-
ments
Funds Joint Venture Portfolios
ACQUISITION
PORTFOLIO
€ 3.4 bn TOTAL
MANAGEMENT
around 270
ASSET
MANAGEMENT
PREMISES
PROPERTY
100%
MANAGEMENT
SALES
DIC Onsite GmbH
Real Estate Management

The Group has a total of 160 indirect and direct holdings. The majority of these are property holding companies, through which the Group's operations are presented and which we manage via intermediate holdings. All investments are listed in the appendices 1 and 2 to the Notes to the consolidated financial statements.

CUSTOMER RELATIONS

Our tenants include the public sector, large national and international companies, the major German retailers and telecommunications service providers, but also many small and medium-sized companies.

Through our real estate management staff, we remain in close contact with existing tenants since we are present locally and ongoing coordination and services are necessary in order to administer our properties. In doing so we obtain feedback which we then use to optimise and improve tenant satisfaction. In addition to this, we provide centralized support to major clients. Our regional presence also works to our benefit on the letting market. We are in constant contact with potential tenants in order to understand their needs at an early stage and to convince them to lease our properties.

We are currently introducing a central software solution for uniform Group-wide customer relationship management that will integrate existing individual solutions. For acquisitions and sales, we are able to rely heavily on a network of established contacts with which we have already concluded transactions to the satisfaction of both parties.

OBJECTIVES AND STRATEGIES

OVERVIEW

1. Clear focus: We invest exclusively in German commercial real estate
2. Portfolio with strong earnings potential: We manage a regionally diversified portfolio with high rental yields
3. Regional presence: We set up branches to maintain a presence in the areas where our property portfolio is concentrated
4. Internal real estate management: We guarantee professional support with our internal teams of experts
5. Balanced financial structure: We secure long-term financing through equity and borrowing
6. Diversified sources of income: We combine high-yield portfolio properties and attractive co-investments in a balanced manner
7. Internal and external portfolio growth: We exploit potential to increase value in both the rental and transaction market

Clear focus: We invest exclusively in German commercial real estate

We are one of Germany's biggest investors in commercial real estate focusing on office properties and operate exclusively in the German market.

We strive to achieve substantial rental cash flows that are secure in the long term by investing in German commercial real estate and to expand our portfolio continuously. DIC Asset AG also specialises in properties with the potential to increase in value, which can be tapped into by intensive letting activities, repositioning and project development. Our organisational structure is set up and our system of in-house real estate management across Germany mean that we have the extensive resources required to do this. Our regional presence also allows us to invest in locations outside of the larger cities with a lower level of competition and a higher level of opportunity.

Portfolio with strong earnings potential: We manage a high-quality, diversified portfolio with high rental yields

We have a quality portfolio, which generates strong ongoing returns that are secured long-term and whose broad diversification enables it to absorb risk.

Our portfolio consists of real estate with substantial rental yields of 6.8% on average, which generates an attractive profit after covering the costs of financing and management. The focus of our activities is on office space. We ensure a balance of different properties in the portfolio, which allows for opportunities but also avoids risk being concentrated. Our rental structure is therefore highly diversified across regions and industries and, with some 1,400 tenancy agreements, has a broad distribution of risk. With an average lease term of five 5 years, we are above the market average despite the recent trend towards shorter-term letting.

Regional presence: We set up branches to maintain a presence in the areas where our property portfolio is concentrated

We operate throughout Germany. Our permanent presence, with regional branch offices, lets us seize market opportunities that remain closed to investors with a short-term outlook operating remotely.

The German market for commercial real estate is very varied, regionally diversified and therefore stable yet challenging. Real estate strongholds and regional centres alike have specific advantages and risks that we exploit by diversifying our investments to extend our portfolio so that it is both high-income and robust.

With its own branch network, DIC Asset AG therefore has a permanent presence in the German regional real estate markets. This makes it possible to identify attractive locations and real estate beyond the focal points for investment that are well known internationally and to develop these successfully.

Internal real estate management: we manage our portfolio and tenants optimally

We aim to increase rental income and earnings power as well as to improve the quality of our portfolio through the internal management of our own property portfolio.

We support our tenants in everyday questions relating to the property, as well as helping with special projects through our property manager DIC Onsite, which has around 100 employees working out of six branches in the areas where our portfolio is concentrated. In addition to quick successes in renting properties, we also aim to achieve a high level of tenant loyalty. To this end, we have reduced the number of organisational interfaces among other things in order to provide tenants with a rapid and comprehensive service. We increase the potential of our real estate and investments by means of long-term leases and by upgrading and refurbishing properties. This enables us to secure and increase the cash flow and profitability of our portfolio.

Balanced financial structure: We secure long-term financing through equity and borrowing

When financing our company we pursue a long-term approach, which coincides with the objectives we strive for with our real estate.

Our company is based on a sustainable financing architecture in which we have recourse to a range of funding including traditional bank financing, bonds, our access to capital markets and other financing partners. We have a solid equity ratio, which we intend to expand to over 35% in the medium term and to over 40% in the long term.

As a result of the fact that our income is secured long-term and is easy to calculate, it offers a reliable basis for the efficient and sustainable deployment of external capital. We agree attractive terms for these borrowings and hedge them adequately against any increase in interest rates. We conclude real estate financing on a strictly long-term basis. The financing focuses on the respective property targets. Our financing structure also prevents unlimited enforcement against the Group or against other portfolios or properties. We pursue strong long-term relationships with our financing partners. At present, all property loans are concluded with German financing partners (most notably mortgage banks, Landesbanks, savings banks, co-operative banks).

Diversified sources of income: Highly profitable existing portfolio and additional earnings from Co-Investments

The majority of our income originates from the Commercial Portfolio, our existing portfolio. In order to tap additional attractive sources of income, we act as a co-investor in addition to our investments in our existing portfolio. This means that we can participate in investments that offer a higher risk-reward profile while retaining our focus on security. We also initiate real estate special funds, mainly for investments in the core segment that do not fit the investment profile of our Commercial Portfolio. This also develops cooperation with very prestigious investors, who participate in DIC Asset AG's business model via this fund business. We acquire a stake – generally a significant 20% – in our Co-Investments.

We contribute our investment expertise and national real estate management service to partnerships. With these services, DIC Asset AG achieves regular management income in addition to its earnings from investments. This earnings structure makes us less dependent on market fluctuations and guarantees a constantly high and at the same time capital-efficient income.

Internal and external portfolio growth: We exploit earnings potential in the rental and transaction market

We strive for external and internal growth, so we can profitably develop our real estate portfolio in the long term.

We invest in real estate and equity interests with high rental returns and continuous cash flow. We act in a dynamic manner with a focus on opportunities and we always ensure appropriate risk distribution. Growing management income offers us additional stable earnings levels. In addition, we pursue internal growth, for example by cutting vacancy rates thanks to our own real estate management service. We use our sales to optimise our portfolio, realise profits at the right time, and release resources for new acquisitions as well as to optimise our capital structure.

Achievement of strategic targets in 2012

We have made significant progress in developing DIC Asset AG in line with our targets in the past financial year. We have significantly improved the quality of our portfolio by means of successful letting and the reduction of the vacancy ratio by 1.5 percentage points to 10.9%. By concluding long-term refinancings and new financings worth approx. EUR 250 million in the Commercial Portfolio alone, we have improved our financing profile significantly. In addition, we have successfully strengthened the portfolio with selective acquisitions worth some EUR 135 million this year.

Thanks to significant progress, we have advanced our Co-Investments, which we enter into to diversify our sources of income. The significant success of our marketing measures has put us well ahead of schedule with the MainTor project. We have also ensured that the amount of equity required for the implementation of the development of the district is far less than originally planned by selling sub-projects at an early stage and obtaining construction financing from external financing partners. Progress with the development projects and the development of our second special fund will also secure us future earnings potential.

We enhanced our property management service in 2012 by expanding the DIC Onsite management team and combining functions, among other things. We have also further ensured the readiness of the property management service to handle future requirements by introducing a new software system that integrates several corporate functions.

COMPANY MANAGEMENT

Management and supervision

▷ Management Board
The Management Board manages DIC Asset AG's business. It establishes strategy, runs the company, carries out corporate planning and operates effective and adequate risk management systems. The Management Board consists of two members. Each member of the Management Board is responsible for an area within the company, which is specified in the rules of procedure.

▷ Supervisory Board
The Management Board works closely with the Supervisory Board when making any material commercial decisions and reports regularly and when required on all business developments and strategic issues. The Supervisory Board is the statutory control and supervisory body and, as such, advises the Management Board in relation to commercial decisions, supervises its operations and decisions and is authorised to make decisions in specific situations. The Supervisory Board of DIC Asset AG consists of six members. In 2012 the Supervisory Board held five ordinary meetings and a further six extraordinary meetings jointly with the Management Board.

Statement on corporate governance and additional disclosures

The statement on corporate governance was published on the website www.dic-asset.de/investor-relations/CG. The statement is also included in the section on corporate governance. Further information on corporate governance, such as the composition and working methods of the Management Board and the Supervisory Board, can also be found there, as can the Remuneration Report, containing individual information on the compensation of Management Board and the Supervisory Board. We explain our control system and its processes in detail in the Risk and Opportunities Report, and in particular in the comments in the internal control system.

Internal planning and management system

The management system of DIC Asset AG aims to increase corporate value for shareholders, employees and business partners and to achieve long-term profitable growth without incurring disproportionate corporate risk.

Planning process

The planning process of DIC Asset AG combines projections on the basis of current value with concrete targets. This is assisted by detailed planning at regional, individual property and portfolio level (bottom-up planning) as a basis, which is finalised through objectives and strategic elements (as top-down planning).

Constituent parts of planning:

- Detailed business plans for real estate and portfolios including, amongst other things, expected key figures such as rental income, costs, investments and gross profit.
- Objectives for operating real estate management including action planning, in particular with reference to rentals, sales, investments and development projects
- Planning operational implementation, e.g. with leasing and management services, planned costs and measures to optimise income and minimise expenditure.
- Consideration of human resources and an examination of financial and liquidity issues.
- Risk management results in the addition of risks and specific opportunities. This is firstly carried out at the property and portfolio level and then aggregated to Group level.

Consolidated Group planning is then complemented by strategic Group measures and estimates of framework conditions by the Management Board. Group planning is reviewed annually and adjusted to the current market situation and changes which are expected.

Company-specific leading indicators

We use leading indicators for our operating policy decisions in order to exploit opportunities rapidly and avoid possible undesirable developments. The early warning system that is a component of our risk management ensures that risk management is embedded in our organisation. We differentiate between two types of indicators: general economic and operating leading indicators.

The general economic leading indicators include above all GDP growth, the ifo index, unemployment trends and employment levels as well as forecasts for interest rate movements and lending. These result in conclusions regarding the development of our regional markets and the real estate sector, which normally responds to macroeconomic changes with a certain time lag, and regarding framework conditions and costs of our financing.

Significant operating leading indicators include the conclusion of tenancy agreements as well as expiries and terminations of tenancy agreements. This is incorporated amongst other things into our monthly letting forecast. Due to the long-term nature of tenancy agreements, we are able to estimate the revenue base monthly, adopt counter-measures and draw conclusions for our short- to medium-term revenue growth. We supplement these turnover-oriented indicators with regional information and company data from our branches. Using this information we are able in particular to fine-tune our letting operations.

Management by using key figures

Planned developments and actual results are regularly checked, monitored and reported by means of controlling and risk management measures. Managers from Group companies and subsidiaries secure the implementation of Group goals in their relevant market environment. In the event of major discrepancies, the Management Board becomes involved, which decides on the implementation of appropriate measures with departmental representatives.

The internal control system, which forms part of the risk management process and that is explained in detail on page 58 of the Risk and Opportunities Report, serves as the fundamental instrument for monitoring and managing the achievement of the company's targets. Routine management is supplemented by additional or event-driven investigations. We have been working on the introduction of a software solution for real estate management in 2012. The program is specifically tailored to the needs of real estate companies and will lead to closer integration and greater optimisation of property management and company accounting, as well as of planning, control and analysis systems. It will also increase the efficiency of analysis and implementation.

Key control variables and targets

In order to monitor the agreed targets, we use result-oriented figures, which are a part of regular reporting.

We plan and manage our operational activities by considering our portfolio from a regional perspective. The DIC branch network divides Germany into five portfolio regions: North (Hamburg), West (Düsseldorf), Central (Frankfurt); South (Munich/Mannheim) and East (Berlin). Because of the relevance of the regions for our business, segment reporting also follows the breakdown by regions. We manage our segments' operations on a uniform basis, particularly with regard to maintaining value and increasing income from property management (including letting volume, rental income (nominal and like-for-like) and vacancy rates).

The operating profit from real estate management (funds from operations, FFO), and funds from operations after deducting interest related to capital employed (return on equity, ROE) are most significant from a Group perspective. In the case of sale-oriented investments and development projects, the internal rate of return (IRR) is also used as a key figure, whereas for fund investments the distribution yield and performance are used. We control our growth targets above all by the acquisition volumes achieved.

Deviations are analysed promptly and management measures are established in regular meetings with the Management Board and the respective manager.

BUSINESS REPORT

OVERALL VIEW ON BUSINESS DEVELOPMENT AND THE POSITION OF THE COMPANY

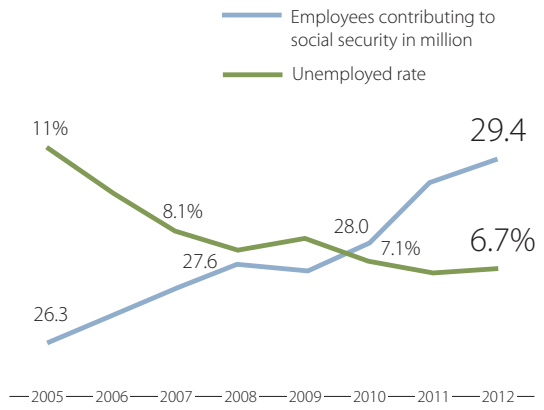
We are very pleased with our result in 2012: we increased profit for the period by EUR 1.2 million to EUR 11.8 million and increased FFO by approximately 10% or EUR 4.1 million to EUR 44.9 million.

General economic conditions had only a minor direct influence on our business but provided a stable base for our activities. Conditions became more difficult in the letting market as the economy deteriorated during the year. Despite this, we again achieved an excellent letting performance. On the transaction market, strong demand at the year-end in particular had a positive impact on our sales. On the supply side, attractive properties for the Commercial Portfolio were in short supply.

We have met and, in part, exceeded our forecasts for 2012. Rental income and FFO are within their target ranges. With a letting volume of approx. 240,000 sqm, we have matched the level of the previous year and, at the same time, reduced the vacancy rate by more than we had planned to 10.9%. We have also exceeded our forecast with sales of some EUR 155 million. We were able to implement our planned acquisition volume of approx. EUR 100 million for the special funds. We achieved total acquisitions of EUR 135 million. Our purchases on attractive terms will strengthen our portfolio and will be able to virtually offset the planned reduction in earnings resulting from sales.

In terms of income, successful acquisitions providing higher rental income and earnings from real estate management contributed to our good result. We were also able to expand our rental income thanks to success in letting and reductions in the vacancy rate. The increase in profit is also owing to the efficient operative structures, the profits from real estate sales and the stable interest result.

DEVELOPMENT OF EMPLOYMENT MARKET IN GERMANY



Numbers each per year-end
Sources: Federal Employment Agency, Federal Statistical Office

GENERAL ECONOMIC CONDITIONS

Macroeconomic trends

The German economy grew by 0.7% in 2012. Following 3.9% growth in gross domestic product (GDP) in the previous year, this represents a marked fall. Nevertheless, Germany is still doing better than many European countries, which in some cases are mired in deep recessions. While exports to the USA and Asia remained buoyant despite a slowdown in global economic activity, there was no momentum coming from Europe. In the absence of support from its European neighbours, the export-oriented Germany economy was, however, unable to escape the downturn entirely and economic growth slowed quarter by quarter in 2012. Corporate investment fell sharply as a consequence of the euro debt crisis, meaning that domestic demand softened overall despite rising private consumption and the sharply increased investment in private housing.

Despite weaker economic growth, the labour market remained strong. In February 2013, the number of unemployed increased by 18,000 to 3.2 million. At the same time, the seasonal increase was somewhat lower than in previous years. Compared with the previous year, there were 46,000 more people registered as unemployed. The number of people in gainful employment and paying social security contributions has increased further year-on-year. In November, the number of people in gainful employment rose by 239,000 to 41.4 million compared with the previous year. The number of people paying social security contributions increased in December by 350,000 to 29.1 million people.

In 2012, the European Central Bank helped to calm financial markets, most recently with massive financial resources, the markets having reacted for some time with scepticism and uncertainty to attempts at reform by heavily indebted EU member states. In July, the key interest rate was cut by 0.25% to 0.75%, but doubts about a breakup of the single currency were not suppressed any more effectively until the announcement of possible unlimited bond purchases by the ECB . Banks' lending policies were virtually unchanged in 2012: a cautious approach to new business, intensive scrutiny and higher risk premiums were top of the agenda.

Economists are gearing up for a further slowdown in 2013, as the performance of the American economy looks uncertain on top of the weak European growth rate. The European Commission currently expects the German economy to grow by 0.5% in 2013. However, the fundamental solidity of the German economy suggests that it will overcome this temporary flagging without major damage thanks to the strong labour market in particular. The worst might soon be over: at the beginning of the year, there were signs that the first leading indicators were turning positive.

Sector trends

▷ Stable office letting

Thanks to the positive trend in employment figures, falls in the office letting market were not dire despite the economic uncertainties. With sales of 3.0 million sqm in the seven major office centres, the fall amounts to some 11% compared with 2011 – which is only slightly below the ten-year average of 3.1 million sqm. Only Frankfurt did consistently well, gaining over 20% overall, while Berlin's figure was on a par with the previous year. Peak rents rose by some 3% on average in virtually all cities, primarily due to the limited supply of high-quality, prestigious properties in central locations. Average rents grew by 0.5%.

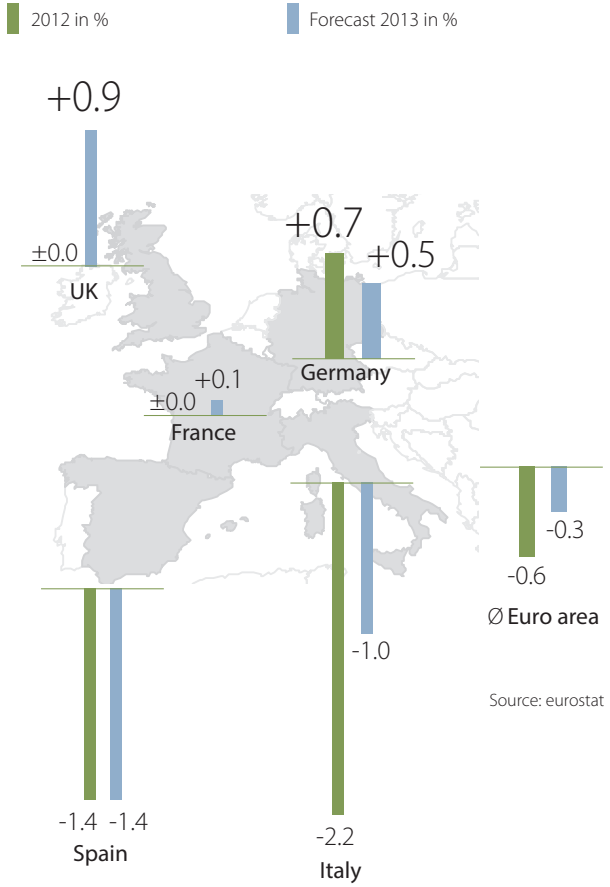
▷ Low levels of new construction, falling vacancy rates

In 2012, the industry saw the lowest level of completions for five years, at approximately 840,000 sqm. The majority of this space was already let pre-completion. With only a small amount of space coming onto the market and letting activity remaining robust, the vacancy rate fell significantly from 9.5% to 8.8%; the fall was even sharper in Frankfurt and Munich. A below-average level of completions is also expected in 2013, meaning that the vacancy rate could fall further.

▷ Significantly higher investment volume

A final spurt in the fourth quarter in which properties worth some EUR 10.4 billion changed hands meant that commercial real estate transactions increased significantly in 2012, totalling some EUR 25.3 billion. The increase in comparison with the previous year totalled around 8% (2011: EUR 22.6 billion). In addition to the basic attractiveness of the German market both for domestic and international investors, the good result can also be traced back to a significant short-term increase in demand toward the end of the year. Because of strong demand for housing triggered by exceptional circumstances, transactions in residential property portfolios were even more successful than commercial properties.

GDP GROWTH RATES IN EUROPE



Source: eurostat

▷ Focus on core properties also dominant in 2012
Investors focused on prestigious, long-term rental property in prime locations - with the result that initial yields for the limited supply of core properties came under significant pressure and in some cases fell further. In the office segment, they decreased by some 20 basis points to around 4.75%, remaining at a low 4.15% for retail premises. Also because of investors' focus on core properties, almost two thirds of all investment, at approximately EUR 16 billion, was attributable to the major office locations, where growth amounted to some 30%. While the top seven posted significant growth, transaction volume at other locations decreased by some 14%.

Investment was concentrated in office property, which accounted for a share of some 40% of transaction volume. 31% was attributable to retail properties, where the only factor limiting investment was reduced supply. In the previous year, investor-focus was unusually concentrated on retail properties (47%) followed by office properties (36%).

Specific developments in the regions

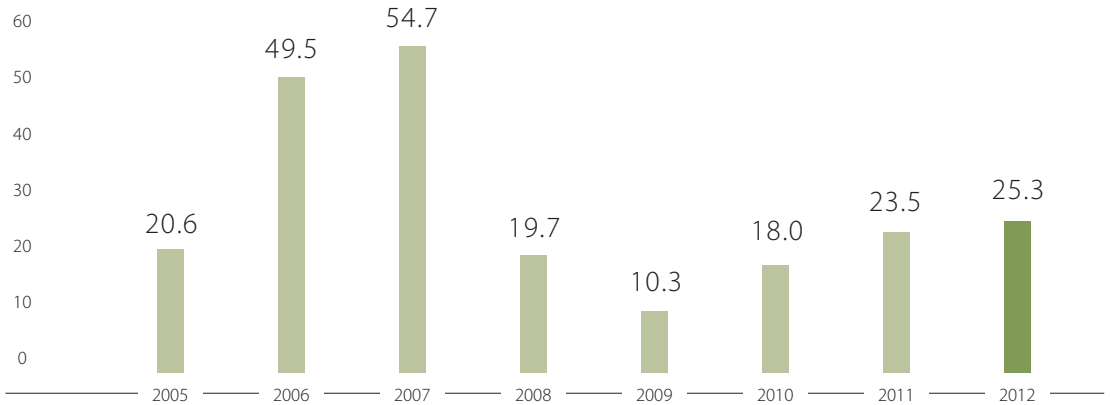
▷ Commercial investment market
- Transactions outside the major office locations fell by 14% - growth of 30% in cities
- Stuttgart had an outstanding investment year, with transactions exceeding EUR 1 billion for the first time in many years thanks to large retail properties
- At EUR 3.25 billion, Frankfurt achieved the second-best result since records began
- In Munich, the ten-year average was almost doubled, with the average transaction worth approximately EUR 50 million.
- Munich currently has the lowest prime yield of any city in Germany (4.40%).

▷ Rental market for office properties
- With lettings of 500,000 sqm, Frankfurt is well up on the previous year (approximately 20%) and the long-term average
- Berlin's letting figures are stable (540,000 sqm)
- Letting is falling in Düsseldorf, Hamburg and Munich; the falls in Cologne and Stuttgart exceed 20%
- Marked reductions in vacancy rates in Frankfurt (-2 percentage points) and Munich (-1.2 percentage points)

LETTING VOLUME IN MAJOR GERMAN OFFICE LOCATIONS in thousand sqm

Source: Jones Lang LaSalle

TRANSACTION VOLUME OF GERMAN COMMERCIAL REAL ESTATE EUR billion



Source: Jones Lang LaSalle

BUSINESS DEVELOPMENT

REAL ESTATE MANAGEMENT

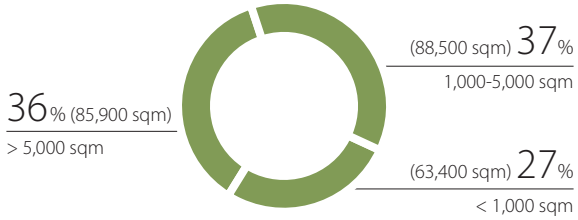
- Vacancy rate significantly reduced to 10.9%
- Letting volume of 240,000 sqm matched the high level from the previous year
- Further enhancement in portfolio quality as a result of acquisitions

The good letting result with a significant increase in office rentals enabled us to further improve the quality of our portfolio. The vacancy rate decreased by 1.5 percentage points to 10.9%, rental income increased like-for-like by 1.0%.

Substantial letting volume of 237,800 sqm once again
With a letting volume of 237,800 sqm, we were able to pick up on our previous year's result (2011: 247,000 sqm). Here, we have been very successful in both finding new tenants and convincing existing tenants to extend their tenancies: new lettings for some 114,000 sqm (2011: 120,000 sqm) and renewals of existing tenancy agreements for approximately 124,000 sqm also matched the previous year's performance (2011: 127,000 sqm). This letting volume is based on over 320 lettings spread relatively evenly across all sizes of property although concentrated slightly on rentals over 1,000-5,000 sqm this year.

The successful letting volume in 2012 is especially visible in significant growth in the office segment. The annual rental income generated from lettings increased substantially by EUR 5.1 million to EUR 32.4 million. This primarily results from increased and profitable rentals in the office segment (+ EUR 6.7 million).

DISTRIBUTION OF LETTING RESULTS
Basis: letting volume in sqm



LETTING VOLUME

	in sqm on signature		annualised in EUR million	
	2012	2011	**2012**	2011
Office	**176,800**	156,800	**26.6**	19.9
Retail	**15,900**	30,900	**2.4**	3.5
Further commercial	**40,600**	52,800	**3.0**	3.4
Residential	**4,500**	6,500	**0.4**	0.5
Total	**237,800**	247,000	**32.4**	27.3
Parking (units)	**2,270**	2,190	**1.2**	1.0

Top 7 renewals		in sqm	
SAP	Berlin	13,200	Office
Siemens	Erlangen	11,000	Office
State of Baden-Württemberg	Mannheim	9,200	Office
ver.di	Saalfeld	6,900	Commercial / Office
Siemens	Erlangen	6,500	Office
City of Hamburg	Hamburg	4,700	Office
Sirius	Düsseldorf	4,300	Office

Top 7 new letting		in sqm	
BASF	Mannheim	9,400	Office
CMS Hasche Sigle	Frankfurt	9,000	Office
Union Investment	Frankfurt	8,000	Office
Sunways	Konstanz	5,300	Office
Mainova	Frankfurt	5,000	Office
Floor Direct	Mannheim	4,700	Office
TK Maxx	Leipzig	4,300	Retail

Further increase in portfolio quality

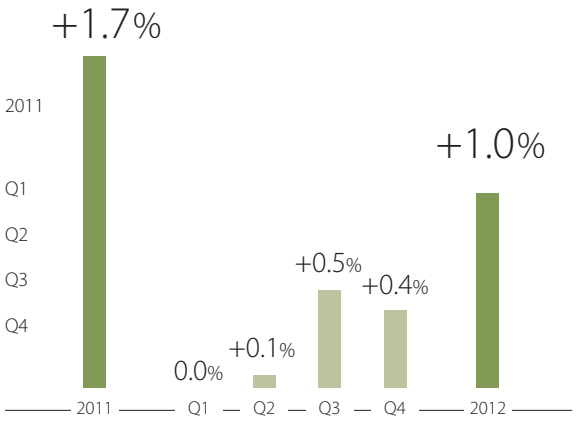
Thanks to our success in letting, we were able to increase rental income in our portfolio once again. Like-for-like rental income increased by 1.0% in 2012 (2011: 1.7%). The like-for-like comparison is based on properties which remained in the portfolio in 2012. Here, the impact on our letting activities becomes clear, and the effects of purchases and sales are not accounted for.

We also succeeded in significantly reducing the vacancy rate as at 31 December 2012 by 1.5 percentage points to 10.9%. At the end of 2011, it was as high as 12.4%. As a result, we have exceeded our planned figure by some margin – more than 0.5 percentage points – and cut vacancies by around 3.5 percentage points overall in the last two years.

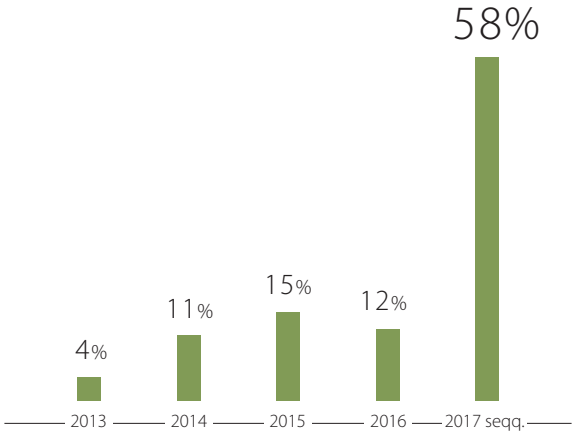
Average lease term still remains at a high level. The average lease term fell just slightly by 0.3 years to around 5.2 years despite the general trend towards shorter agreements, especially for office rentals. The rental per square metre came to EUR 10.30 (2011: EUR 10.50)

DEVELOPMENT OF VACANCY RATE
in % at the end of the quarter

RENTAL INCOME GROWTH
like-for-like in %



LEASE MATURITIES
Distribution of annual rental income in %



Lease maturities in 2013 already significantly lower

There are fewer tenancies coming up for renewal in 2013 than in previous years: the potential figure for lease maturities in the current financial year 2013 is relatively low, at EUR 5.7 million (4.3% of rental income) and is well down on the corresponding average figure for previous years of around 10%. Thanks to our effective letting activities, we have been able to more than halve the volume by EUR 6.9 million from EUR 12.6 million (9.6% of rental income) as at 31 December 2011 in the past financial year. In 2013, therefore, we shall continue to concentrate on reducing in good time the number of potential tenancies expiring in 2014 and in subsequent years.

New IT platform for real estate management

In 2012, we spent several months working on a company-wide project involving the introduction of a new IT platform, with which we shall replace separate systems in real estate management and control, as well as company accounting, with an integrated software package. We shall make real estate management more efficient with this investment. We shall reduce the number of interfaces and make the entire system more transparent, including by increasing the opportunities for analysis and monitoring. The new system was introduced successfully at the end of December.

BIENENKORBHAUS, FRANKFURT

Redevelopment successfully completed with sale

- Modernisation and addition of top-quality retail space
- Doubling of rental income since acquisition and attractive sales profit

We acquired the Bienenkorbhaus in 2004 as part of the Frankfurter Sparkasse's real estate portfolio. We modernised the building with a comprehensive refurbishment, skilfully preserving the 1950s architecture and adding an extension comprising top-quality retail space. As a result, we expanded the rental area by 15% to 11,000 sqm. We acquired Schuhhaus Görtz and Frankfurter Sparkasse as long-term anchor tenants for the newly created retail space.

At the re-opening in 2009, the occupancy rate was 76%. With a new marketing concept and with the help of the increasing popularity of the location, which benefits from a high footfall on Frankfurt's well-known "Zeil" shopping street, the occupancy rate increased to over 95% by the time of the sale. As a result, we have virtually doubled rental income compared with the figure on acquisition. In October 2012, we sold the Bienenkorbhaus for around EUR 73 million to the international investor RFR and achieved a profit of around EUR 3 million. Including regular FFO earnings since acquisition, the entire profit on the project comes to some EUR 8 million.

H20, HARDENBERGSTRASSE, BERLIN

Repositioned as a multi-tenant property

- Investment for use by several tenants
- Attractive tenant mix established, rental earnings increased significantly

The H20 office property, comprising a rental area of some 5,800 sqm, was previously designed and used as a single-tenant property. Following the departure of the general tenant, we have established a multi-tenant concept and gradually added value to the property with investments of around EUR 1.4 million for refurbishment and tenants' fittings. A strong tenant mix consisting of some ten different parties has been created through various new lettings to, among others, the Fraunhofer Institute, the IHK Berlin and a tax consultancy as well as an attractive retail concept on the ground floor. In 2012, we let some 3,000 sqm in total and consequently achieved nearly full-letting of the building. As a result, the annualised rental income has virtually doubled in the last two years.

RUHRTOWER, DUISBURG

Full letting achieved

- Property modernised and management optimised
- Vacancies eliminated

The high-rise building in Duisburg city centre, right in the centre of the main shopping street, comprising rental space of 8,000 sqm in total was around 50% vacant in 2010 following the expiry of some tenancy agreements. Having undertaken a comprehensive refurbishment programme, optimised the layout and cut ancillary costs by more than 30%, we repositioned the property in Duisburg and marketed it under the name RuhrTower. With rapid success: within six months, we were able to conclude several new tenancy agreements covering some 2,000 sqm in total, which virtually halved the vacancy rate. By letting an additional 2,400 sqm to the tenant Deutsche Bahn in 2012, we have now succeeded in letting the RuhrTower completely on a long-term basis based on current market rents.

KÄFERTALER STRASSE, MANNHEIM

Successful reletting within the shortest period

- Tenants relocated within the portfolio
- Large-scale tenancy agreement for over 9,500 sqm

Some 35% of the space in the office property comprising a total area of around 10,000 sqm had been vacant since March 2012. More tenants indicated that they were not interested in continuing the tenancy agreement long-term. One tenant wished to remain but to reduce the space rented. At the same time, we had heard that a tenant was interested in renting approximately 9,500 sqm in Mannheim. We suggested that our tenant who was interested in renting a reduced amount of space should relocate to another property in our portfolio and agreed to cancel the other tenants' agreements. We were able to agree a long-term tenancy agreement with BASF for the vacant property, which was a perfect match for its requirements. As part of this full letting, we have undertaken various internal and external modernisations on the property, which will enhance its value, and handed over the first spaces ready for occupancy to the new tenants in summer 2013.

LANGENHORNER CHAUSSEE, HAMBURG

Lively tenant mix created

- Letting situation stabilised
- Additional new tenants revitalise the location

The property comprising some 6,200 sqm was let for an unlimited period to the major tenant Agentur für Arbeit. It only needed part of the space in future, we therefore agreed to extend the tenancy long term but to reduce the area and consequently stabilised the tenancy. At the same time, we prepared the building for letting to a more diverse range of users, repositioned the property and marketed the vacant space. By letting to training companies and office companies, we increased the building's versatility and succeeded in letting the property fully after marketing it for around three quarters of a year.

MAX MITTE, MAX-STROMEYER-STRASSE, KONSTANZ

Property fully let following a substantial new tenancy

- Reorientation of the letting strategy
- A use-specific approach to tenants achieves success

DIC Asset AG had acquired the property in 2006. The building was let as a package until the general tenancy agreement ended and comprised production space on the ground floor with two floors of offices above. We decided to let the space separately according to the way in which it was used and rapidly found a tenant for the production space, who concluded a 10-year tenancy agreement. We split the space so that the offices could be used in various ways and, having repositioned the property as "Max Mitte", concluded a number of smaller agreements directly. In 2012, we then concluded a new long-term tenancy agreement for 5,300 sqm with Sunways, under which, as landlord, we shall improve the rental areas and create contemporary office space with improvements to the ceilings, windows and floors. Following the large-scale tenancy agreement, the property is 100% let long-term.

PORTFOLIO

- Market values of our real estate nearly stable
- Portfolio extended by around 28,000 sqm through acquisitions
- Portfolio volume of some EUR 2.2 billion

Our portfolio comprises 269 properties with a total lettable area of 1.9 million sqm. The total value of assets under management increased from EUR 3.3 billion to EUR 3.4 billion in 2012. We generate pro rata annual rental income of EUR 142 million (including Co-Investments) with our properties. To secure portfolio growth, we purchased six properties worth EUR 135 million in 2012. We sold 16 properties worth EUR 155 million. The external valuation showed that our properties are generating stable value. At the end of 2012, the pro rata market value of our real estate portfolio amounted to EUR 2,223.5 million (2011: EUR 2,202.3 million).

Regional development

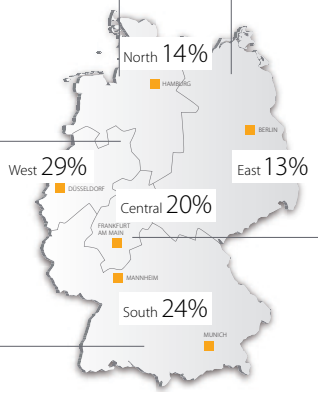
The average rental yield saw at least stable development in all regions compared with the previous year. In the North and East in particular it was above average thanks to significant rental success. The vacancy rate fell considerably in all regions with the exception of the Central region. This was particularly strong in the North and West regions as a result of good work on rentals, as well as the acquisition of the fully-let REWE headquarters in the West region. The lease term decreased as a result of the general trend towards shorter lease terms with the exception of the South region as a result of two long-term major rentals.

REGIONAL DEVELOPMENT

North	2012	2011
Gross rental yield	6.7%	6.4%
Vacancy rate	5.2%	11.1%
WALT in years	6.2	6.9
Average rent (EUR per sqm)	7.80	7.70

West	2012	2011
Gross rental yield	6.6%	6.5%
Vacancy rate	12.1%	14.2%
WALT in years	5.3	5.5
Average rent (EUR per sqm)	10.90	11.50

South	2012	2011
Gross rental yield	7.4%	7.4%
Vacancy rate	7.6%	9.5%
WALT in years	4.1	3.9
Average rent (EUR per sqm)	8.70	8.80



East	2012	2011
Gross rental yield	7.6%	7.3%
Vacancy rate	7.8%	9.3%
WALT in years	4.3	4.8
Average rent (EUR per sqm)	11.50	10.90

Central	2012	2011
Gross rental yield	6.0%	6.0%
Vacancy rate	18.8%	16.2%
WALT in years	6.0	6.6
Average rent (EUR per sqm)	12.40	13.20

Total	2012	2011
Gross rental yield	6.8%	6.6%
Vacancy rate	10.9%	12.4%
WALT in years	5.2	5.5
Average rent (EUR per sqm)	10.30	10.50

Market valuation: real estate values largely unchanged
The market value of each of our properties is calculated by external experts at the end of every year. Various internal factors have an impact on these values, including occupancy rate, amount of rental income, length of rental contract and the age and quality of the property. Certain external factors also have an effect, such as the development of the local area and the market in general, and the financial climate.

The market value of our properties decreased by a valuation-related 0.65% compared with the previous year. In a stable market environment and with unchanged capitalisation and discount rates, the positive effects of successful work on rentals has not been able to fully compensate for the impact of successive shorter terms in existing rental contracts. After acquisitions, sales, investments and the change in value, the proportional market value of our portfolio amounted to EUR 2,223.5 million. At the end of the previous year, the portfolio had a market value of EUR 2,202.3 million.

The net asset value increased by 1% to EUR 685.4 million. The NAV per share increased by EUR 0.14 to EUR 14.99 (2011: EUR 14.85).

The calculated market value is the estimated transaction amount at which a property would change hands between the buyer and seller under normal conditions on the date of the valuation. We record our assets at cost less depreciation, which is why a change in market value has no direct impact on the balance sheet. Further information on how our real estate is accounted for is contained in the chapter on the asset position. Information on how market value is calculated is given in the Notes on page 91.

Office property directly at the main station in Frankfurt: acquired for the Commercial Portfolio

CHANGES IN MARKET VALUE in EUR million

Market value portfolio on 31.12.2011	2,202.3
Investments	43.4
Additions Commercial Portfolio	60.4
Additions Funds	18.8
Sales	-87.0
Valuation impact (-0.65%)	-14.5
Market value portfolio on 31.12.2012	2,223.5




ACQUISITIONS 2012	Office property Frankfurt/main station	Office property Rewe Headquarter	Office property "Loftwerk"	Office property "Looper"	Two retail properties
Number of properties	1	1	1	1	2
Location	Frankfurt	Cologne	Frankfurt/Eschborn	Duisburg	Mannheim, Dresden
Investment volume in EUR million	17	23	44	27	25
Rental space in sqm	7,200	24,000	14,700	10,000	8,500
Average rent per sqm in EUR	15	6	15	15	15
Vacancy rate in %	9%	0%	0% *	0% *	0% *
WALT in years	9	10	10	6	8.5
Annual rental income in EUR million	1.3	1.8	2.7	1.7	1.5
Gross initial yield	7.6%	8.0%	6.1%	6.3%	6.0%
FFO impact p.a. in EUR million	0.6	1.3	0.5	0.3	0.3
Portfolio segment	Commercial Portfolio	Commercial Portfolio	Co-Investments/Funds	Co-Investments/Funds	Co-Investments/Funds

* including rental guarantee of the seller

Acquisitions for portfolio additions

Despite the limited supply of suitable properties in 2012, we spent EUR 135 million purchasing a total of six properties. Of this figure, properties worth just under EUR 100 million were acquired, as planned, for the two DIC special funds. The properties purchased are distinguished by substantial income, long-term tenancy agreements and prime tenants, and consequently enhance the high-quality income of our portfolio. In 2011, we purchased properties worth some EUR 300 million.

The acquired properties with total rental space of some 64,000 sqm will expand our portfolio; it grew pro rata by some 28,000 sqm after sales. In 2013, FFO will increase pro rata through acquisitions by some EUR 3 million on an annual basis, which means that we shall largely offset the reduction caused by sales. As at 31 December 2012, the pro rata portfolio volume remained stable compared with the previous year, at EUR 2.2 billion. Assets under management rose from EUR 3.3 to EUR 3.4 billion.

- We invested EUR 17 million in acquiring an office property comprising 7,200 sqm at Frankfurt's main station for our directly held Commercial Portfolio. With an annual rental income of EUR 1.3 million, the property generates an initial rental yield of 7.6% and is 90% let long-term to tenants with a first-class credit rating.
- The headquarters of the REWE Group in Cologne was also acquired for the Commercial Portfolio for a figure of around EUR 23 million. The property, which comprises some 24,000 sqm and is fully let over a term of some ten years, is to generate an initial rental yield of around 8%.
- The "Loftwerk", a new office building in Eschborn near Frankfurt with 14,700 sqm of rental space, will expand our "DIC Office Balance I" special fund at a cost of some EUR 44 million. The office building, which meets the latest Green Building standards, was completed at the beginning of 2013 and is already over 80% let to three well-known tenants.
- We also acquired another attractive office property in Duisburg's Inner Harbour for our "DIC Office Balance I" special fund at a cost of some EUR 27 million. The "Looper" property, comprising rental space of 10,000 sqm, is let to many tenants from various sectors.
- We have secured two attractive retail properties in Mannheim and Dresden at a total cost of some EUR 25 million for the "DIC HighStreet Balance" retail property fund.

Sales doubled to EUR 155 million

Thanks to increased demand up to the end of the year, we more than doubled sales volume to some EUR 155 million compared with the previous year (2011: EUR 72 million) without sales from MainTor and Opera Offices. In the fourth quarter of 2012 alone, we sold properties worth over EUR 140 million. 16 properties were sold in total and several part-owned apartments, including six properties worth around EUR 115 million from the Commercial Portfolio and 10 properties worth around EUR 40 million from Co-Investments. The sale of the Bienenkorbhaus, for around EUR 73 million, was the largest transaction in 2012, generating a profit on the sale of around EUR 3 million. In the fourth quarter, we sold four more properties from the Commercial Portfolio for approximately EUR 40 million, with the sales expected to have an impact on results and liquidity in the first quarter of 2013 with the transfers of ownerhsip.

Sales volume per transaction averaged EUR 10 million compared with EUR 3 million in 2011, which is largely attributable to the sale of the Bienenkorbhaus. On average, sales prices were 5% higher than the latest determined market values. Loans of more than EUR 90 million can be repaid from the cash released by all agreed sales from the Commercial Portfolio. Financial debts totalling EUR 63 million were paid from sales recognised as income in 2012.

FUND BUSINESS

We assemble special funds and investment structures for institutional investors (most notably foundations, pension funds, insurance companies and private asset managers). We have a 20% stake as a co-investor and contribute our real estate and investment expertise as a service provider. In addition to income from equity interests, we therefore regularly earn income for asset and property management as well as management fees on acquisitions and sales for the fund.

For the second fund, the "DIC HighStreet Balance" retail special fund, we have now attracted equity commitments from six German institutional (including pension funds and insurance companies). As a result, we have equity of more than EUR 105 million available for investment at the start, including the co-investment from DIC Asset AG. This means that, including financial debt, investment volume of around EUR 200 million is already possible for the fund.

In 2012, we achieved our growth targets in our special fund business: Following acquisitions of EUR 70 million in 2012, the "DIC Office Balance I" special fund already has a fund volume of some EUR 340 million. At the same time, we have completed the first investments amounting to EUR 25 million for the "DIC HighStreet Balance" fund; the target investment volume for the "DIC HighStreet Balance" fund amounts to around EUR 250 million. In total, we are aiming for a fund volume for both special funds of approximately EUR 700 million, which we plan to achieve in the next two years. More than half the target volume has already been achieved at around EUR 365 million.

The FFO contributions resulting from fund business are posting continuous growth: in 2011, they stood at over EUR 3 million and have risen sharply to around EUR 4 million in 2012.

PROJECT DEVELOPMENTS

Project developments allow us to increase the value of properties significantly through extensive construction measures, which means that they can be placed within a higher-value market segment or gain lettable area. For this purpose, we make use of the expertise of the Deutsche Immobilien Chancen Group as an experienced developer.

Our target for development projects is to achieve a sale once value has been created. We minimise existing construction and financing risks by ensuring that sufficient advance marketing is in place before going through with a project and, as a basic principle, only conducting business in places where we are represented with branch offices.

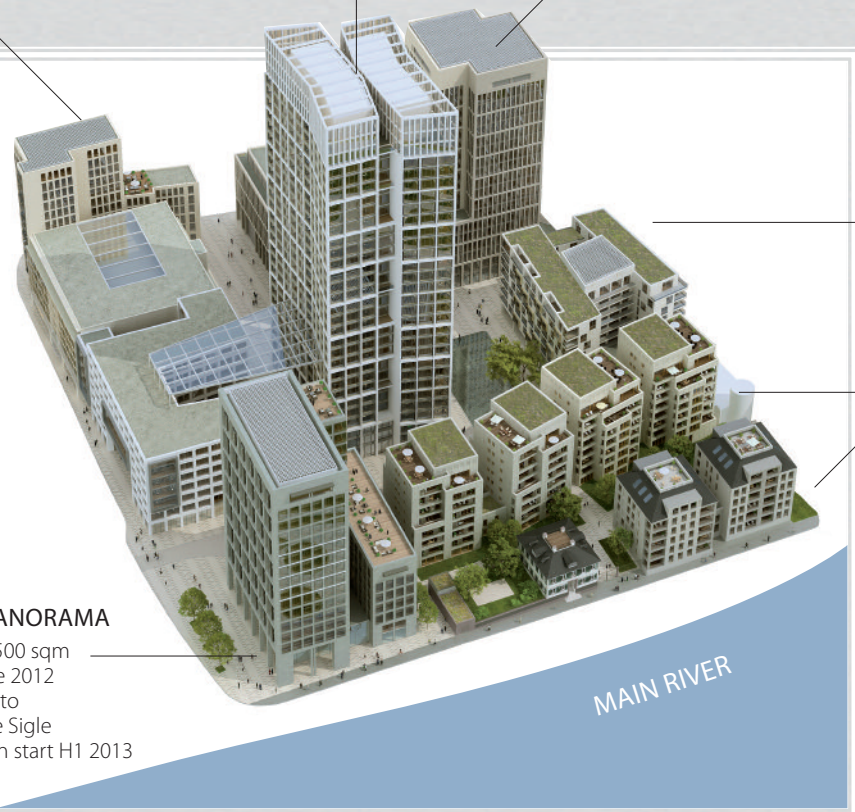
Currently, we are involved in the MainTor development in Frankfurt and the Opera Offices in Hamburg in the amount of some EUR 750 million. This is in addition to TRIO Offenbach, a portfolio development, which was completed in February 2013.

Foundation layed for the office complex "MainTor Porta"

"MainTor - The Riverside Financial District" in Frankfurt

We have made significant progress in the marketing and construction of the MainTor site in 2012. The district is already established as an outstanding location in Frankfurt's banking quarter. We have made far more rapid progress with marketing than planned and have secured the basis for future profits through rentals and sales:

- At the end of 2012, Union Investment rented some 14,000 sqm in the "MainTor Porta", which at the same time set the ball rolling for implementation of this stage of construction.
- In July 2012, Ärzteversorgung Westfalen-Lippe bought the "MainTor Panorama" and "MainTor Patio" with a volume of EUR 150 million in a forward deal. This meant that construction could also start independently of the letting process.
- In August 2012, a ceremony was held with business partners and representatives from the City of Frankfurt to mark the laying of the foundation stone for "MainTor Porta".
- In December 2012, marketing of the condominiums in the "MainTor Palazzi" started and is meeting with strong demand.
- We achieved two further major successes in letting at the beginning of 2013: CMS Hasche Sigle will be the anchor tenant in the "MainTor Panorama" office building, renting over 9,000 sqm, which is approximately 70% of the rental space. Union Investment, which is already the anchor tenant in the "MainTor Porta", will take over a further 8,000 sqm, making it the sole tenant.



MAINTOR PRIMUS
- Approx. 5,500 sqm
- Forward sale 2011
- Future DIC Headquarter

WINX
- Approx. 35,000 sqm
- Focus on marketing from H2 2013

MAINTOR PORTA
- Approx. 22,000 sqm
- Fully pre-let to Union Investment
- Construction started 2012

MAINTOR PATIO
- Around 90 appartments
- Forward sale 2012
- Construction start H1 2013

MAINTOR PALAZZI
- Around 90 condominiums
- Start of marketing
- Construction start late summer 2013

MAINTOR PANORAMA
- Approx. 13,500 sqm
- Forward sale 2012
- 70% pre-let to CMS Hasche Sigle
- Construction start H1 2013

MAINTOR

MAINTOR – THE RIVERSIDE FINANCIAL DISTRICT

With the "MainTor" project, DIC is developing a new urban district in one of the most attractive locations in central Frankfurt. The central business district (CBD) will extend as far as the River Main in future. We are implementing the MainTor development in five sub-projects. DIC Asset AG holds a 40% stake in the development project.

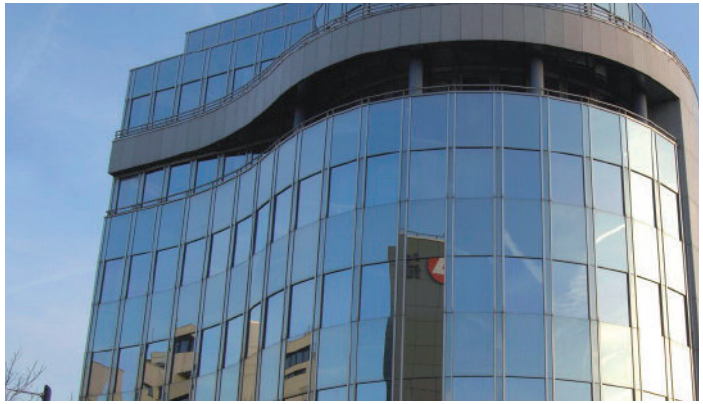
Successful work shall continue in 2013

In February 2013, 60% of the project volume is therefore already being implemented; the project is progressing faster than planned. In 2013, we shall build on the successful start to sales of the condominiums with intensive marketing and will focus on marketing the central "WinX" office block from autumn. "MainTor Primus" and "MainTor Porta" are under construction and should be completed in autumn 2013 and in spring 2014 respectively. Construction will also start on "MainTor Patio" and "MainTor Panorama", which will together cost around EUR 150 million, in the first half of 2013.

60% IN REALISATION

A start to Opera Offices after forward sale

In the first quarter of 2012, DIC sold the sub-project "Opera Offices Klassik" comprising a rental space of over 4,500 sqm to a North German pension fund as part of a forward deal. This allowed us to make a start on the development measures for the entire Opera Offices complex. The refurbishment of the "Opera Offices Klassik" project should be completed by autumn 2013. Demolition above ground for "Opera Offices Neo" started in the second half of the year. Construction work can therefore start without losing any time. The entire "Opera Offices" complex has a volume of around EUR 55 million. DIC Asset AG holds a 20% stake in the development project.



TRIO Offenbach completed

The conclusion of a tenancy agreement with MainArbeit (City of Offenbach) for 17 years in TRIO Offenbach in mid-2011 set the ball rolling for our development project from the existing portfolio. We started with the complete refurbishment of the strikingly curved building comprising some 5,200 sqm, which was occupied by the tenant in December 2011. This was followed by the construction of an adjacent new building of around 2,500 sqm in 2012. This work was completed in February 2013. The site also offers further potential for active use of the entire quarter and for more buildings.

SUSTAINABILITY

We estimate that more than 83,000 people work in our properties every day. These business activities influence the environment because, among other things, energy is used, carbon dioxide released and waste produced. As a real estate company which numbers amongst Germany's biggest portfolio holders, we have a position which obliges us to take a long-term approach to our assets, our tenants, business partners, co-workers and residents.

As a real estate company with a long-term investment horizon, we are geared to dealing with resources and the environment in a sustainable manner. This minimises risks, promotes existing business and opens up new commercial opportunities to us. In our entrepreneurial decisions and processes, we take account of ecological and social requirements and, wherever possible, forego the opportunities for short-term gains in favour of fundamental options for optimisation.

Our approach to sustainability includes

- gearing ourselves to environmental, safety and social standards
- integrating sustainability issues into our business processes
- maintaining good, long-term relationships with all interest groups and communicating openly and transparently.

We started reporting on our sustainability in 2012 and published no fewer than two reports on our website this year. We presented the first report in March 2012 at the same time as the Annual Report. This work laid the foundations for our reporting. Publication of an updated and extended version in December followed the recording of property consumption data for the reporting periods 2009-2011, which are usually not calculated in full until every autumn.

In our latest report, we expanded the "Ecology" section in particular. We collected more comprehensive operating and consumption data on our properties and the additional data allowed us to make our analyses more detailed.

GRI ACCORDANT

Major successes in 2011/2012

- Launch of sustainability reporting
- Documentation of DIC Asset AG's energy consumption and emissions
- Integration of sustainability in the future business strategy
- Nomination of officers responsible for sustainability at Management Board and Division level
- Development of standard reporting structures and expansion of basis of data for determining energy consumption values (electricity, heating) and water
- Calculating the CO_2 output
- "Green Energy" project largely implemented: bundling of mains electricity supply from 100% renewable energy sources
- Inclusion of sustainability issues in new facility management service agreements put out to tender and concluded
- Raising awareness of sustainability among employees
- Communication with tenants and service providers with the aim of integrating aspects of sustainability into operating processes

Milestone schedule 2012-2016

- Drafting a sustainability action plan for 2012-2016 based on the findings from our first portfolio of analyses (e.g. optimising energy efficiency through improved energy management or technical innovations)
- Expanding sustainability reporting on a gradual basis in accordance with (sector) standards; achievement of a higher reporting level in accordance with GRI (Global Reporting Initiative)
- Involvement in initiatives and projects to promote sustainability in the real estate industry
- Supporting projects that have a positive influence on the social, cultural and economic environment

EMPLOYEES

The knowledge, experience, capabilities and commitment of our employees provide the vital basis for our company's success. We can only achieve our ambitious targets if we have qualified and motivated employees, who represent our company externally with success and conviction. We therefore value and promote entrepreneurial thinking and action, the ability to act on one's own initiative, flexibility and specialist knowledge.

Systematic personal development

Systematic personnel development is crucial to our long-term corporate development strategy. The aim of personal development is to support and promote our employees and improve their qualifications, and to secure their long-term loyalty. Our central Personnel Department ensures that talents are discovered, nurtured and deployed ideally throughout the Group. We therefore support our employees in their personal further development and advancement and invest in disseminating knowledge and skills. We offer training sessions on specific topics (e.g. on changes to the IFRS accounting standards or concerning sustainability in project development) as well as general ongoing training areas such as languages and presentation skills.

Personal development is also a core element of the duties of our managers. We support our managers in this regard and provide them with tools, including through regular training sessions. In addition, we hold regular management meetings with the Management Board. In addition to an internal exchange of knowledge, sector- and property-specific issues, among other things, are examined in greater depth in lectures by specialists during these meetings.

An attractive employer

To win over high-performing staff for our company is also one of the most important tasks in personnel management. In order to appeal to talented and highly qualified candidates, we work to position DIC Asset AG as an excellent employer and raise awareness of the benefits of working for us. Thus – unlike many major corporations – we are able to offer flat hierarchies, the assumption of responsibility at an early stage and extensive powers to take decisions independently. To publicise this, we are intensifying our cooperation with selected universities focusing on real estate. For example, our managers give lectures there and establish close contact with academic staff.

In 2012, we offered and organised a company-specific intensive study programme leading to a qualification as "Real Estate Manager (EBS)". This study programme focused on conveying the knowledge needed by specialist staff and managers and was completed successfully by nine employees. We also participated at the real estate careers fair organised by Immobilien Zeitung in Frankfurt in May 2012 for the first time.

Training of junior employees, support for students

We invest in the training of young people and regard this as an important socio-political contribution. In 2012, we also provided training at our Central branch under the dual system for two students reading real estate studies at the University of Cooperative Education. School children and students are also given an insight into various areas of our company through school internships (lasting 14 days) and student internships (lasting two to six months) and are entrusted with various day-to-day tasks during these. We offer university graduates the opportunity to embark upon a 12 or 18-month training programme following their studies, and we currently have three employees on this scheme. We also provide students with support for their Bachelor's dissertations or Master's theses. We view all these programmes as important ways of acquiring new and well-qualified junior employees for our company.

Salaries: Fair remuneration and promoting performance

Our salaries consist of a basic income, supplementary benefits and performance-related components. We base our salaries on industry standards and those of our competitors. The performance-related component is based on achieving strategic and operating targets and individual goals. In this way, we encourage and support an awareness of entrepreneurial issues among our employees. In 2012, EUR 12.1 million was spent on our employees in total. This figure includes performance-related bonuses of EUR 1.8 million, corresponding to a share of approximately 15%. Social security contributions, pension provision and other benefits amounted to EUR 1.4 million.

Employee base for company growth expanded

In 2012, DIC Asset AG had an average of 138 employees (2011: 122); the figure at the end of the year was 140 (2011: 127).

In line with our portfolio targets, we further increased staff numbers in the Group in 2012. The increase of around 18 employees on average relates in particular to the area of asset and property management, where the majority of our employees in the branches are involved in letting and optimising properties. In mid-2012, we also increased the DIC Onsite management team to take account of the increased workload. At the same time, the portfolio management team of DIC Asset AG was fully integrated into DIC Onsite's organisational structure as the "Portfolio Management" unit, which will shorten decision-making processes and make letting and tenant support even more efficient.

NUMBER OF EMPLOYEES

	31.12.2012	31.12.2011
Portfolio management, investment and funds	13	14
Asset and property management	110	97
Group management and administration	17	16
Total	140	127

FINANCIAL INFORMATION

FINANCIAL INFORMATION

REVENUES AND RESULTS

- Gross rental income increased by 8%
- FFO increase of 10% to EUR 44.9 million
- Profits on sales significantly increased
- Profit for the period up 11% to EUR 11.8 million

In 2012, FFO increased significantly, as planned, by 10% from EUR 40.8 million to EUR 44.9 million. We also significantly increased the profit for the period by EUR 1.2 million to EUR 11.8 million.

In terms of income, successful acquisitions providing higher rental income and increased fees from real estate management contributed to this good result. We also increased our rental income thanks to intensive letting activities, the success of which is also apparent from the marked reduction in the vacancy rate. Other factors that helped to create higher earnings were the efficient operating structures and a stable interest result. Higher profits from disposals of properties additionally played an important part in generating increased profit for the period.

Higher rental income thanks to portfolio growth

Both gross rental income, at EUR 126.5 million, (+8% year-on-year) and net rental income, at EUR 113.2 million, (+6% year-on-year) increased significantly compared with 2011. This is mainly attributable to the acquisition-driven expansion in our portfolio volume but also to improvements in the occupancy rate.

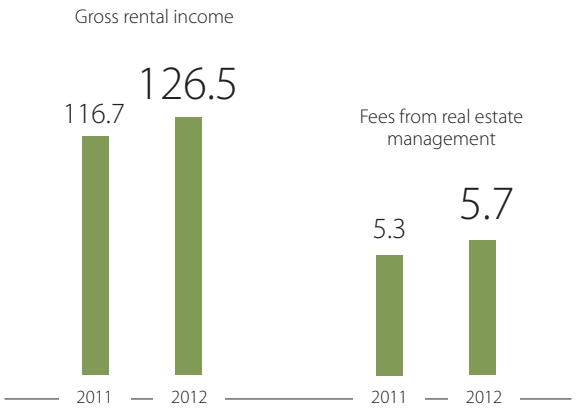
Profits form property disposals more than doubled

In 2012, we increased disposals proceeds from our existing portfolio significantly by EUR 58.0 million to EUR 75.7 million (2011: EUR 17.7 million). Profits from disposals therefore rose by EUR 2.1 million (+124%) to EUR 3.8 million. The vast majority of the disposal proceeds and profits is attributable to the sale of the Bienenkorbhaus in Frankfurt.

Fees from real estate management increased

Real estate management fees rose by EUR 0.4 million (+8%) to EUR 5.7 million. In this connection, the expansion in our fund business over-compensated for the scheduled loss of earnings following sales of co-investment properties and the complete takeover of three joint venture portfolios in autumn 2011. Apart from the growth in rental income, the growth in total revenues of EUR 71.9 million (+46%) to EUR 229.1 million is mainly attributable to the substantially higher property disposal proceeds from the Commercial Portfolio.

GROSS RENTAL INCOME AND FEES FROM REAL ESTATE MANAGEMENT EUR million



OVERVIEW OF REVENUES EUR million

	2012	2011	
Gross rental income	**126.5**	116.7	+8%
Real estate management fees	**5.7**	5.3	+8%
Property disposals proceeds	**75.7**	17.7	+328%
Other	**21.2**	17.5	+21%
Total revenues	**229.1**	157.2	+46%

Operative costs in the budget

In 2012, the ratio of operating costs to growth in revenues was appropriate. The operating cost ratio (administrative and personnel expenses to gross rental income, adjusted for real estate management income) is, at 12.0% (2011: 11.5%), within our target range of 11-12%. Administrative expenses increased slightly by EUR 0.3 million (+4%) to EUR 8.8 million. As a consequence of further business activities, personnel expenses rose more sharply by EUR 1.9 million (+19%) to EUR 12.1 million with part of this increase being attributable to variable elements of the Management Board's remuneration, which rose because of the improved trend in our share price.

Disproportionately low increase in interest result

We were able to keep our net financing costs at the previous year's level. Thanks to the low level of interest rates and to new financing and refinancing on attractive terms, interest expenses only rose slightly by EUR 2.1 million (+3%) to EUR -66.0 million and was therefore clearly under-proportionate in comparison with the growth of rental income. Interest income increased by EUR 1.9 million (+24%) to EUR 9.8 million primarily as a result of the issuing of a loan to a MainTor project company. In total, therefore, interest income remained almost stable at the previous year's level at EUR -56.2 million with only a slight increase of EUR 0.2 million.

FFO grows by 10%

FFO (funds from operations), which reflects earnings from ongoing portfolio management, rose by EUR 4.1 million (+10%) to EUR 44.9 million and consequently far more than growth in rental income. The main causes of this were the increased earnings from real estate management and the stable interest result. At 35%, the FFO yield (FFO in relation to gross rental income) remained constant compared with 2011. The FFO per share increased to EUR 0.98 (2011: EUR 0.92).

In order to take account of the increasing importance of results from project developments with Co-Investments and the continuing significance of the FFO ratio, we have now separated out the indirect earnings contributions in the FFO calculation that are related to project developments and sales.

Profits from associates of EUR 1.8 million

At EUR 1.8 million, share of the profit of associates (our Co-Investments) was EUR 0.8 million (-31%) below the level of the previous year. The figure comprises income from our fund investments (EUR 1.6 million), as well as income from letting properties from joint venture portfolios (EUR +1.2 million) and the result of disposals of joint venture properties as well as project developments (EUR -1.0 million). In the case of project developments, the marketing success of the MainTor project, which was achieved more quickly than expected, accounted for higher marketing costs, which have an immediate impact on the result.

Profit for the period: plus 11% to EUR 11.8 million

Profit for the period rose by EUR 1.2 million (+11%) to EUR 11.8 million compared with the previous year. The main reasons behind the growth in profits are increased profits on sales and higher income from rentals, with financing expenses remaining stable at the same time. Earnings per share amount to EUR 0.26 compared with EUR 0.24 in the previous year.

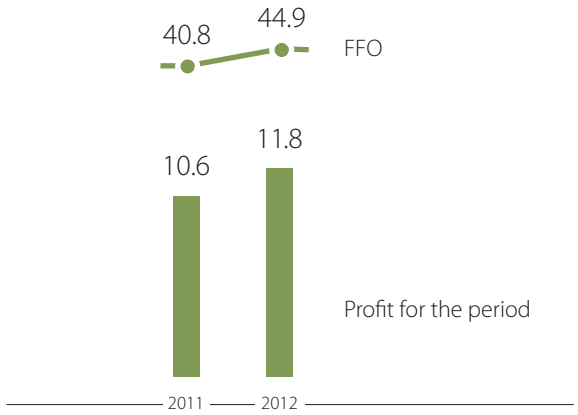
Segment results

The demarcation of our segments follows internal reporting and management by region using key operating figures. Therefore, no information on sales, earnings or balance sheet items is provided. Information on the segments can be found on page 16 and on page 36.

DERIVATION OF FFO EUR million

	2012	2011	
Net rental income	**113.2**	106.8	+6%
Administrative expenses	**-8.8**	-8.5	+4%
Personnel expenses	**-12.1**	-10.2	+19%
Result of other operating income/expenses	**0.3**	0.6	-50%
Real estate management fees	**5.7**	5.3	+8%
Share of the profit from associates without project developments and disposals	**2.8**	2.9	-3%
Interest result	**-56.2**	-56.0	0%
Funds from operations	**44.9**	40.8	+10%

FFO AND PROFIT FOR THE PERIOD EUR million



FINANCIAL POSITION

- Average interest rate reduced to 3.95%
- Interest cover ratio increased to 172%
- Bank liabilities decreased

Underlying principles of our financial management strategy

With the help of our financial management strategy, we ensure that we can guarantee DIC Asset AG and its investments are solvent at all times. We also strive to achieve the greatest possible stability vis-à-vis external influences and, at the same time, to maintain the degree of freedom that guarantees our company's development.

We meet our financing requirements primarily through traditional bank financing and the capital markets. In 2011, we also issued a bond (5-year term, interest rate of 5.875%, volume of some EUR 70 million), which allowed us to extend our financing spectrum and increased our flexibility. We reacted to the significant interest among investors by obtaining further bonds worth approximately EUR 16 million as part of a private placement and by January 2013, we had achieved full placement of EUR 100 million in total. We maintain good business relationships with many partner banks and avoid being too heavily dependent on individual financial institutions. We always arrange loans at customary market conditions and review them continuously to see whether there is scope for optimisation.

To make our financing structure as stable as possible, we always conclude our financing on a long-term basis, mainly over 5-8 years. We also ensure that the financing horizon is consistent with our targets for the properties. Bank financing is conducted with a specific focus on the property and portfolio on a non-recourse basis, which rules out unlimited access to the company group. We achieve greater stability and security in our planning by hedging against fluctuations in interest rates.

Management of our financing is organised centrally within DIC Asset AG and covers all subsidiaries and property companies. As a result our payment arrangements are cost-efficient. We are therefore able to optimise our liquidity management, improve our capital structure and reduce external borrowing to a minimum.

Extensive financing volume realized

Including financing activities for our Co-Investments, we implemented a financing volume of some EUR 640 million in 15 transactions in 2012. Apart from EUR 250 million for financing in the Commercial Portfolio, which will partly take effect in 2013, EUR 50 million is attributable to acquisitions for our funds as well as some EUR 340 million to financing for additional Co-Investments (MainTor project refinancing, "MainTor Porta" construction financing and Primo portfolio refinancing).

Financial debt reduced

The balance sheet financial liabilities as of 31.12.2012 after repayments resulting from sales, as well as refinancing, was EUR 32.0 million lower than in the previous year, at EUR 1,489.9 million. Further external funds with a volume of around EUR 27 million were repaid at the beginning of 2013 in connection with the disposals registered as of the end of 2012. The vast majority of financial debt comprises loans from banks (94%) and funds from our bond issue (6%). In the course of 2012, we raised new loans of EUR 13 million to acquire the Red Square office property, EUR 11 million for an office property at Frankfurt's main station and EUR 14 million for the REWE corporate headquarters. The loan repayments include sales-related unscheduled repayments of EUR 63 million.

Financial base strengthened, costs reduced

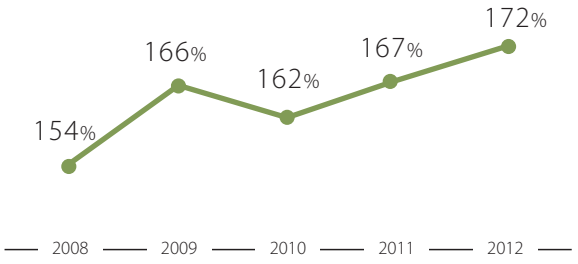
The term structure of our financing has significantly improved from 2.7 years at the end of the third quarter to a current level of 3.5 years primarily as a result of the refinancing activities. In the Commercial Portfolio the average term of financing agreed in 2012 amounts to approximately 7 years. In comparison with agreed existing financing, the interest costs, at approximately 3.25%, are well below the existing interest costs.

FINANCING ACTIVITIES IN THE COMMERCIAL PORTFOLIO IN 2012

EUR million

New loans raised	+39.2
Refinancing	+108.2
Increase in corporate bond	+15.7
Repayment of loans	-92.0

INTEREST COVER RATIO



Refinancing for 2013 secured at an early stage

The majority of the refinancing for the existing portfolio (Commercial Portfolio) pending in 2013 has already been concluded (some EUR 90 of 140 million). As a result only some EUR 50 million is due to be refinanced in the current financial year. In the following year, renewals will be spread over several loans that are independent of each other.

Financing is hedged against fluctuations in interest rates

We hedge the vast majority of debt (81%) against interest rate fluctuations – either by taking out fixed-rate loans or simply constructed derivative interest rate hedging instruments. This gives us long-term security in our planning and prevents interest rate risks. Possible changes in the interest rate do not impact on income but on the equity reported in the balance sheet. 19% of our liabilities – primarily short-term in nature – are agreed at variable rates.

Interest result stable, interest cover ratio significantly improved

As at 31 December 2012, the average interest rate on all debt, at 3.95%, was 40 basis points lower than a year ago (4.35%). With an interest result of EUR -56.2 million, we are at the previous year's level. Interest income rose from EUR 7.9 million to EUR 9.8 million, interest expenses rose from EUR -63.9 million to EUR -65.7 million. We achieve interest income from investing cash and cash equivalents and from the strategic deployment of funds as part of Co-Investments. We increased the interest cover ratio (ICR), the ratio of net rental income to interest payments, by 5 percentage points from 167% to 172% thanks to the stable financing costs combined with higher rental income.

* Including current refinancing performed and sales implemented

Financing obligations met in full

It is of fundamental importance to our acquisitions that we conclude long-term financing which is congruent with the objectives for the real estate development. Throughout the year and as at the reporting date, we met all our financing obligations including financial covenants. Financial covenants are standard components of financing agreements on the market and specify the attainment of key financial figures such as the interest cover ratio (ICR) or the debt service coverage ratio (DSCR).

Other information

There are no forms of off-balance sheet financing. The consolidated financial statements reflect all forms of the company's financing. More detailed information on financing such as the terms of loans or information on derivative financial instruments are provided in the Notes on page 80.

Comfortable liquidity situation

Liquidity planning has the utmost priority for us, as part of financial management, and against the backdrop of conditions for the granting of credit which remain more stringent. We therefore endeavour to avoid being dependent on additional financing for ongoing operations. For this purpose, we carry out annual liquidity planning as part of our budgeting process, which is then continuously updated through weekly liquidity status reports. The consistency of our cash flow enables us to make a detailed liquidity forecast against which we can align our cash deployment and requirements with great precision.

During 2012, DIC Asset AG was at all times able to honour its payment obligations. As at 31 December 2012, free liquidity amounts to around EUR 60 million. We also have unutilised financing lines of EUR 24 million at our disposal. The fall in liquid funds of EUR 43.5 million is primarily a result of acquisitions carried out with equity, portfolio investments and dividends. The sales contractually agreed as of the end of the year, as well as the successful further increase in the bond, have increased the level of free liquidity by EUR 23 million.

Cash flow increased by 14%

Higher rental income meant that we generated cash flow from ordinary operating activities of EUR 105.6 million, an increase of EUR 10.6 million (+11%) on the previous year. Even after deduction of interest and taxes paid, the cash inflows are higher compared with the previous year: Cash flow from operating activities was EUR 43.9 million, EUR 5.5 million (+14%) more than in 2011.

In 2012, cash flow from investing activities was marked by sales that offset purchases. During the previous year, the focus was more on acquisitions. Cash flow from investing activities, at EUR -32.3 million was significantly below the previous year's figure (down EUR 123.4 million or 79%), also as a result of the fact that purchases were concentrated in the area of Co-Investments for fund business. Outflows for sales and portfolio investments amounted to a total of EUR -90.3 million (2011: EUR -158.3 million). The vast majority of these were acquisitions amounting to EUR 61.6 million to strengthen our portfolio. We substantially expanded our portfolio investments by EUR 5.7 million to EUR 20.9 million. Inflows from sales amounted to EUR 76.0 million (2011: EUR 25.3 million). As a result of agreements with our tenants, investment commitments in the real estate portfolio are EUR 3.8 million.

The repayment of loans was the focus of financing in 2012. Cash flow for financing purposes amounted to EUR -55.1 million compared with EUR 100.4 million in the previous year. We repaid loans totalling EUR 92.0 million while only taking up new loans of EUR 39.2 million. Further placing of bonds gave us a cash flow of EUR 15.7 million. In 2011 new loans and the redemption of old loans balanced each other out; added to this were the funds from the capital increase and bonds issue.

CASH FLOW EUR million

	2012	2011
Profit for the period	**11.8**	10.6
Cash flow from operating activities	**43.9**	38.4
Cash flow from investing activities	**-32.3**	-155.8
Cash flow from financing activities	**-55.1**	100.4
Net changes in cash and cash equivalents.	**-43.5**	-17.0
Cash and cash equivalents at 31 December	**56.7**	100.2

ASSET POSITION

- Real estate assets virtually stable at EUR 1.9 billion
- Net debt equity ratio at over 31%
- Net asset value slightly increased to EUR 685 million

Following significant growth in the previous year, the impact of purchases and sales on the portfolio was balanced in 2012. Our real estate assets in the Commercial Portfolio fell slightly, while the proportional portfolio volume of Co-Investments rose sharply by around 15%. Net asset value increased by EUR 6.6 million to EUR 685.4 million.

Acquisition costs used for financial reporting

We report our properties at cost less depreciation. Our acquisition values are reviewed each year within the framework of the impairment test required under IFRS to establish whether extraordinary impairment charges are required. We use the value in use, which reflects the value of a property irrespective of its intended use, as a criterion for comparison with balance sheet values. No adjustments to real estate assets were required under the impairment tests in 2012.

Assets: acquisitions and sales virtually offset one another

As at 31 December 2012, total assets, at EUR 2,210.2 million, were some EUR 34.4 million (-2%) below the figure at the end of the previous year.

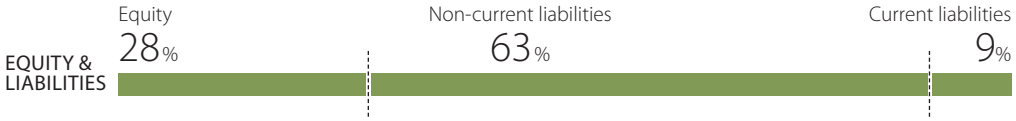
Investment property (our existing properties in the Commercial Portfolio) was recorded on the balance sheet at EUR 1,847.4 million at the end of 2012. The fall of EUR -54.7 million (-3%) is partly attributable to sales of EUR 71.8 million, including most notably the Bienenkorbhaus, which exceeded the volume of our acquisitions (EUR 62.3 million). The investments in associates (our Co-Investments) increased by EUR 9.2 million (+14%) to EUR 75.7 million, mainly because of acquisitions for the special funds and the higher share value of the MainTor project. In total, non-current assets, at EUR 1,959.9 million, were EUR -33.8 million (-2%) down on the previous year as at 31 December 2012.

At EUR 250.3 million, current assets remained at the level of the previous year (2011: EUR 250.8 million). Receivables from related parties mainly consist of loans granted as part of our Co-Investments. The increase compared with the previous year is mainly due to the provision of bridge financing for the MainTor project development. The reduction in credit balances with banks is attributable to purchase price payments for acquisitions, portfolio investments and the dividend payment. At the end of 2012, cash and cash equivalents amounted to EUR 56.7 million (2011: EUR 100.2 million).

Equity of around EUR 614 million

At the end of 2012, our equity was EUR 614.3 million, which is EUR 7.0 million (-1%) less than at 31 December 2011. The profit for the period increased equity by EUR 12.3 million, while the deterioration in the negative hedging reserve as a consequence of the fall in interest rates (EUR -2.7 million) and the dividend payment for the financial year 2011 (EUR -16.0 million) reduced

BALANCE SHEET STRUCTURE



equity. At 27.8%, the equity ratio is slightly up on the previous year (2011: 27.7%). The net debt equity ratio was 31.2% (2011: 31.6%).

Net asset value rises slightly to EUR 685 million

Net asset value (NAV) indicates the actual value of all material and intangible assets less liabilities. The net asset value came to EUR 685.4 million at the end of 2012. Compared with the previous year, we increased the net asset value by EUR 6.6 million (+1%). Factors which had a positive impact on the net asset value in 2012 were primarily the annual profit and disposal profits. On the other hand, we had the distribution of dividends and the change in market value of real estate. The net asset value per share was EUR 14.99. In the previous year, the net asset value per share was EUR 14.85. The NNNAV was EUR 13.13 per share (2011: EUR 13.12).

OVERVIEW OF THE BALANCE SHEET EUR million

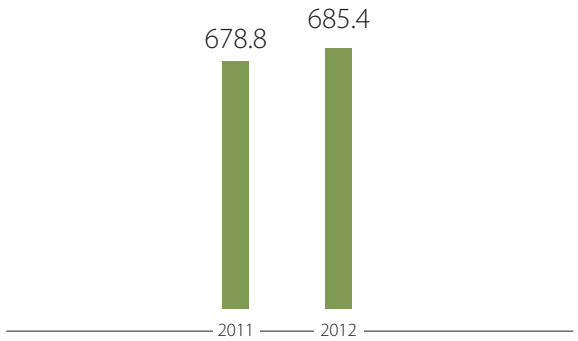
	31.12.2012	31.12.2011
Total assets	**2,210.2**	2,244.6
Non-current assets	**1,959.9**	1,993.8
Current assets	**250.3**	250.8
Equity	**614.3**	621.3
Non-current liabilities	**1,315.1**	1,324.8
Current liabilities	**147.5**	194.9
Other liabilities	**133.3**	103.6
Total liabilities	**1,595.9**	1,623.3
Balance sheet equity ratio	**27.8%**	27.7%
Net debt equity ratio *	**31.2%**	31.6%
Net debt ratio *	**68.8%**	68.4%

* Net of cash and excl. hedging reserve, derivatives, deferred tax for hedges

NET ASSET VALUE EUR million

	31.12.2012	31.12.2011
Market value real estate	**1,878.9**	1,893.0
Market value investments	**81.7**	69.2
+/other assets and liabilities incl. minority interests	**214.7**	238.4
Net loan commitments	**-1,489.9**	-1,521.9
Net asset value (NAV)	**685,4**	678.8
No. of shares (thousand)	**45,719**	45,719
NAV per share in EUR	**14.99**	14.85
NNNAV per share in EUR	**13.13**	13.12

NET ASSET VALUE EUR million



OTHER INFORMATION

Impact of balance sheet policy and accounting changes on the presentation of the economic position

In 2012, no options were exercised, no facts were presented in the balance sheet or changes made to discretionary decisions which – if treated differently – would have had a material impact on the earnings, asset and financial position in the financial year.

On the basis of findings from the Financial Reporting Enforcement Panel (DPR), several figures for the 2011 financial year were adjusted in line with IAS 8. As a result, earnings from associates increased in the profit and loss account by EUR 0.2 million, while depreciation and other results declined by EUR 0.1 million and EUR 0.3 million. Annual results and tax remained unchanged at EUR 10.6 million. In the balance sheet to 31 December 2011, equity declined by EUR 2.9 million, debt by EUR 0.7 million and investments in associates by EUR 3.6 million.

Non-financial performance indicators

Non-financial performance indicators play a major role in the enduring success of DIC Asset AG. These values are not quantifiable and cannot therefore be reported in the balance sheet. These are values which constitute clear competitive advantages and are due to the long-standing nature of the company's operations, the expertise developed as well as an extensive network within the market. These include amongst other things:

- Sustainability-related financial and non-financial performance indicators. We report on these in detail in our Sustainability Report, which is available to download from our website.
- Motivated and committed managers and employees
- Competitive and organisational advantages from our real estate management throughout Germany (DIC Onsite)
- Long-term relationships with highly satisfied tenants
- Established, trusting cooperation with service providers
- Establishment of sustainability in the business model
- Trusting partnerships with strategic financial and capital partners
- Cooperation with analysts, the capital market, journalists, and the media

Certain leased, rented or hired assets (operating leases) are not included in the balance sheet. This does not relate to any DIC Asset AG properties and has no material impact on the asset position overall. More details are contained in the Notes on page 104.

The DIC brand ranks among the intangible assets which are not capitalised in the balance sheet. During the reporting year, we used the brand consistently in our corporate image and enhanced it further through a variety of public relations activities.

SUPPLEMENTARY REPORT

After transfer of the properties sold at the end of 2012 from the Commercial Portfolio, there is a profit from sales of around EUR 1.5 million. When these sales are implemented, EUR 27 million in liabilities will be paid back to banks. There are also other available funds of around EUR 10 million from sales with planned transfer of ownership in the first quarter of 2013.

The increase in our bond was completed by the end of January January 2013. The maximum issue volume was achieved worth EUR 100 million in total. From this, we have received a further EUR 13 million.

RISK AND OPPORTUNITIES REPORT

THE RISK MANAGEMENT SYSTEM OF DIC ASSET AG

The risk management system supports DIC Asset AG in achieving its targets and is an integral part of company management. Our risk policy is therefore derived directly from the business strategy approved by the Management Board. It furthers our efforts to grow on a sustainable basis, to increase corporate value and accordingly transfer, reduce or entirely avoid any risks which may arise.

The risk management system therefore secures the company's continued existence in the long term in the interests of its tenants, employees and investors and protects it from critical situations. To ensure that risks are recognised promptly and countered in an appropriate and timely manner, this system is integrated within our organisation and is mandatory for all employees. The internal control and monitoring system is an integral component of risk management system, which ensures that operational and financial risks are minimised, processes are monitored and compliance with laws and ordinances including the effectiveness of financial reporting is guaranteed.

Enhancements to the system in 2012

We optimise the risk management system permanently and also adjust it to the constant evolution of DIC Asset AG's structures. The key changes in our company's organisation and processes in the financial year laid the groundwork for launching a new software system and the merger of Portfolio Management with Asset and Property Management in DIC Onsite. These packages of measures have allowed us to make our processes more efficient and to identify, assess and manage risks more effectively with the help of improved management and control systems, methods and tools.

Structure of the risk management system

▷ Risk early warning system

DIC Asset AG's early warning system aims to record all relevant risks and their causes, to quantify them and communicate them. This ensures that necessary countermeasures can be initiated in good time. The respective specialist departments are responsible for identifying, reporting, assessing and controlling risks. For example, real estate data are recorded at property level via the asset and property management teams, aggregated and supplemented, checked and summarised in central Controlling and reported to management. The risk early warning system is reviewed annually and assessed in accordance with § 317 para. 4 HGB by the statutory auditor as part of the annual audit in line with the requirements of stock corporation law.

▷ Risk identification

All risks are identified and then systematised. As part of risk controlling, the identification of risk is the first step in the risk management process and forms the basis for dealing with risks in an adequate and effective manner. Risks are identified in accordance with the integration concept within general business processes. To do so, we use instruments such as corporate and scenario analyses among others to analyse strategic risks and detailed checklists for routine reviews.

▷ Risk analysis and communication

Our employees are required to deal conscientiously and responsibly with risks and opportunities, as part of their skill sets. Responsibilities are defined for all relevant risks in accordance with the hierarchy. An identified risk is assessed as to the likelihood of its occurring and the extent of potential loss is calculated. The next step involves a decision by the responsible divisional managers, if necessary together with the Management Board, regarding appropriate risk management. Appropriate response measures are devised on the basis of this and their success is monitored regularly. Longer-term risks are integrated in the strategic planning process.

Risks are analysed and then aggregated according to their potential cumulative effects. This allows us to determine the total risk for the DIC Asset Group. In order to provide information regarding identified risks as well as the most important events within the market environment, risk management is incorporated as an integral part of our regular planning, reporting and management routines. The Management Board, the Supervisory Board and any other decision-making bodies are regularly informed at quarterly intervals, or on an ad hoc basis for critical issues. In this way, we ensure that the Management Board and the Supervisory Board are promptly and comprehensively informed of important risks.

▷ Risk management and control

We develop specific response measures with different characteristics to allow risks to be managed effectively. For example, we reduce the risk from interest rate fluctuations by matching hedging transactions. For our long-term development projects, a systematic and comprehensive project management with standardised project milestones, preliminary acceptances, the awarding of partial trade contracts and clearly determined approval processes help us to minimise project risks. Controlling monitors the operating success of risk management.

▷ Risk management documentation

The existing guidelines, procedures, instruments, areas of risk and responsibilities are documented in writing and are expanded on an ongoing basis. Comprehensive documentation summarises the key elements of the normal cycle introduced as part of the risk management system.

INDIVIDUAL RISKS AND OPPORTUNITIES

External environment

- ▷ Economy as a whole
- ▷ Real estate sector
- ▷ Regulatory and political changes
- ▷ Legal

Finances

- ▷ Interest rates
- ▷ Financing and liquidity
- ▷ Valuation
- ▷ Currencies

Strategy

- ▷ Growth
- ▷ Development projects

Operations

- ▷ Acquisition and sales planning
- ▷ Letting
- ▷ Property and location
- ▷ Fund business
- ▷ Personnel
- ▷ IT

External environment

▷ Economy as a whole
Economic changes may have a positive and negative effect on our business and its financial position and results. Short-term opportunities and risks relate primarily to the share of sales from finding new tenants or extending tenancy agreements. Risks are also posed by the loss of rental income resulting from tenants becoming insolvent. We expect only weak economic growth in 2013 and have already factored this into our planning. The persistent sovereign debt crisis in Europe, the effects of which could have a more adverse impact on the German economy, remains an additional problem. In order to minimise risks, we focus on long-term leases to top-quality tenants, on spreading rental income across a large number of different tenants, on investing in rapidly growing regions and on our professional property service.

We consider a sharper downturn in the economy over the next twelve months to be unlikely to moderately likely. This could cause a minor to moderately serious negative financial impact. We consider a significant improvement in the economy unlikely; the positive effects would be slight to moderate.

▷ Sector-specific risks
In the letting market, excess space can lead to price pressures, a loss of margin and vacancies. A shortage of space, by contrast, can lead to high demand and rising prices. By subjecting properties to intensive examination before we buy, we endeavour to reduce these risks and at the same time increase our opportunities. We also have an efficient asset and property management organisation which can handle even challenging real estate management tasks. In the transaction market, the tensions in the financial system also result in additional risks. Difficult financing conditions may hinder the transaction market and thus have an adverse impact on our acquisition and sales targets. Forced sales by banks or investors encountering difficulties with refinancing could also have a negative impact on prices when selling. In the medium term at least, this risk would not cause any significant financial damage since our business plans are based on a long-term perspective and are flexibly structured. On the other hand, this may also result in attractive opportunities for acquisitions.

As things stand, we expect the risk of the sector suffering negative growth in 2013 to be low. This would have a slightly to moderately serious financial impact.

▷ Regulatory and political risks
Risks as well as opportunities may arise out of changes to framework conditions or regulations. Particularly in exceptional situations such as the financial crisis, governments may make rapid changes without leaving sufficient time to adjust. For the 2013 financial year, we expect the measures to prop up the single currency to continue and we therefore expect both the risks and opportunities resulting from major changes to be unlikely. We also rate the possible financial repercussions as minor.

▷ Legal
DIC Asset AG is exposed to the risk that third parties will assert claims or file actions for a possible breach of their rights within the framework of normal business operations. We therefore carefully check all material acts carried out by the company in order to identify and avoid potential conflicts. Risks may also arise from non-compliance with contractual obligations. At present, ongoing legal disputes relate almost exclusively to active legal proceedings to collect outstanding rent. We have made provision for these legal costs and made value adjustments to the claims as required. There are currently no material legal disputes, which could constitute a considerable risk, either pending or foreseeable. In our view, current legal disputes will result in more opportunities than risks. Overall, we estimate the legal risk and its financial implications to be low.

Finances

▷ Interest rates
Interest rate risks arise from fluctuations in interest rates caused by market developments (market interest rate volatility) and from the company's own exposure to interest rates (open fixed rate positions, maturities expiring etc.). They may impair DIC Asset AG's profitability, liquidity and financial position as well as its opportunities for expansion. In order to hedge against interest rate fluctuations we use derivative financial instruments. As at 31 December 2012, 81% of our financing volume is hedged against interest rate fluctuations. Due to the hedging, an increase in interest rates of 100 basis points would only reduce cash flow by EUR 3.3 million. Interest rate changes have implications, acting through financial instruments, which mainly affect the balance sheet and reduce equity. As at 31 December 2012, the average interest rate amounts to 3.95%. Further information about interest rate risks can be found in the Notes.

On the other hand, the current low level of interest rates offers opportunities for obtaining financing on favourable terms and for long-term improvements in our financing structure. We are therefore involved in regular negotiations with financing institutions. If we succeed in renewing financing earlier than scheduled or agreeing attractive hedging terms, we benefit primarily from lower costs and a reduction in our financing risks.

We feel there is a high probability of interest rates remaining low in 2013. The positive financial impact would be slight to moderate. On the other hand, a rise in interest rates would have a slight to moderate negative impact.

▷ Financing and liquidity
The risks arising from financing have increased over the past few years as a result of the European sovereign debt crisis. Some real estate financiers have suspended new business, while other lenders have tightened up their lending conditions and increased risk premiums and only carry out large-scale transactions on a syndicated basis. This makes financing more complex and more expensive overall. The default risk among banks has also increased. We therefore only agree loans and derivative financial instruments with financial institutions with a very good credit standing or which are members of a deposit guarantee fund.

The real estate portfolio of DIC Asset AG is financed on a property or portfolio basis. Financial risks from individual properties or portfolios do not therefore have a direct or unlimited impact on the Group as a whole (non-recourse financing).

DIC Asset AG has agreed a usual level of credit with financial covenants (loan agreement clauses imposing financial ratios). In the event of it failing to comply with these clauses, banks could modify their credit terms or demand the repayment of some loans at short notice, which would have negative financial implications. Essentially, the following covenants are effective:

- ISCR: Interest service cover ratio, specifies the percentage of interest expenditure covered by the net annual base rent.
- DSCR: Debt service cover ratio, specifies the percentage of expected interest plus repayment (principal repayment) covered by rental income.
- WALT: Weighted average lease term

No shares in DIC Asset AG have been provided as collateral or parameters on any of our loan agreements, and therefore the share price is irrelevant both with regard to termination and margins. Compliance with credit clauses is monitored continuously and providently through risk management in the Corporate Finance Division; no non-compliance with covenants occurred. Deviations from fixed threshold values identified through ongoing sensitivity analyses are presented to the Management Board without delay and the type and scope of the countermeasures to be taken are determined. The conclusion of affordable long-term financing was, and is, a material condition for the investment decision for all new acquisitions.

The liquidity risk consists in the risk that, due to insufficient availability of funds, existing or future payment obligations may not be honoured or unfavourable loan terms may be agreed to in order to meet cash shortfalls. In the Group, this risk is managed centrally on the basis of multi-year financial plans and monthly rolling liquidity planning of long-term credit lines and liquid funds to ensure the solvency and financial flexibility of the Group at all times. Cash is passed on to Group companies as required under cash pooling arrangements. DIC Asset AG's financing and liquidity requirements for its operations are secured for the long term and are based on the long-term cash flow that can be planned from our real estate and investments. Liquidity is mainly held in the form of call and term deposits. The company also has bank credit lines, in particular an unutilised syndicated credit line of EUR 24.4 million, at its disposal. Further information about financing and liquidity risks can be found in the Notes. Financing opportunities arise from new means of financing, such as our corporate bond or new forms of mezzanine financing.

Overall, we rate the probability and impact of financing and liquidity risks as moderate.

Sensitivity: Change of real estate market values

Szenarios: change of discounting rate	Szenarios: change of capitalisation rate +0.25%	0%	-0.25%
+0.25%	-72.3 EUR million	-38.6 EUR million	-2.2 EUR million
0%	-34.7 EUR million	+/-0.0	+37.4 EUR million
-0,25%	+4.1 EUR million	+39.8 EUR million	+78.3 EUR million

▷ Valuation risks
The market value of our real estate assets is calculated annually by independent external surveyors in accordance with international guidelines. This value is subject to fluctuations, which may be influenced by external factors such as the economic situation, interest rate changes, changes in rental interest and qualitative factors such as rental levels and the state of the property.

Changes in market values can have repercussions on the valuation of fixed assets, the balance sheet structure as a whole and financing conditions. To minimise risk, we pursue a well-balanced diversification of our portfolio, aiming to increase the value of our properties most notably through consistent tenant-oriented real estate management and intensive letting activities as well as through selective sales.

Sensitivity calculations were carried out as at the balance sheet date in order to quantify possible valuation risks. This sensitivity analysis shows, by way of example, how market values react to changes in the discounting rate and capitalisation rate. For example, if the discounting rate increases by 25 basis points, market values will fall by EUR 38.6 million. If the capitalisation rate increases at the same time, the fall will increase to EUR 72.3 million. Since our accounts are drawn up according to the cost model (IAS 40.56), variations in market values do not have a direct effect on the balance sheet or the income statement. Extraordinary impairments are only required if the reported carrying amounts exceed the fair values and values in use of the properties.

Given that economic growth is expected to be weak and the real estate sector is likely to remain steady, we believe there is a moderate chance of values falling in 2013. The impact of this would be moderate.

▷ Currencies
All of our tenancy agreements are denominated in euro and almost all of our tenants do business predominantly in the euro area. There are only two loans agreed in Swiss francs, which total less than EUR 5 million as at 31 December 2012. In particular situations, however, even this manageable amount can be subject to significant fluctuations. We estimate the probability and possible extent of currency risks and opportunities and the anticipated implications to be low.

Strategy
Active portfolio management is a key component of our corporate development. We constantly monitor the risks associated with the sale or purchase of companies or real estate or with restructuring, and, where required, make financial provision in our accounts.

▷ Growth
We continuously examine and develop options for expanding our real estate portfolio and our business activities. If we are able to unexpectedly take advantage of major growth opportunities – potentially in conjunction with appropriate equity and debt capital partnerships – this could permit more rapid sales and profit growth. In the case of acquisitions, opportunities and risks arise mainly from earnings and costs deviating from budget, a fact which generally only becomes apparent in the medium to long term. We reduce risks prior to any purchase being made by means of extensive due diligence and then by the preparation of risk-oriented business plans, which are amended on an ongoing basis in line with cost and earnings trends. By contrast, continuous property management increases the opportunities for positive performance. In the past financial year, we acquired properties worth around EUR 135 million for our Commercial Portfolio and Co-Investments. In 2013, we are planning an acquisition volume of EUR 150 million. We believe growth risks to be unlikely in 2013 and the financial implications to be low.

▷ Development projects
We participate as co-investor in development projects and have our own properties with development potential. Successful development projects can open up unscheduled potential income. Since development projects are mostly long-term undertakings, risks arise above all from potential deviations from the planned feasibility under construction law, planned building costs and deadlines as well as in relation to leases and sales. To minimise risks and maximise the potential from opportunities, we only work on development projects where suitable tenants have been found in advance. We also enter into long-term financing arrangements at an early stage and implement a stringent system of project and cost controls. We endeavour to spread risk appropriately by involving partners in the projects and through contractual agreements. Delays and increasing costs would, above all, reduce the planned profit on the project. In order to guard against this risk, general contractors will be engaged or individual trade contracts combined as packages, projects will be managed with professional and highly regarded engineering firms and attempts will be made to spread the risk.

At present we are involved in three development projects:

	Total value	share DIC Asset AG
MainTor Frankfurt	around EUR 640 million	40%
Opera Offices Hamburg	around EUR 55 million	20%
Trio Offenbach	around EUR 15 million	100%

In 2012, we made major progress in marketing our project developments:

- Some 60% of the entire MainTor project has been sold and is being implemented
- MainTor Porta is 100% let, MainTor Panorama 70%
- The MainTor Primus, Panorama, Patio and Opera Offices Klassik construction phases have been sold
- Demolition work has been completed on schedule and construction of Primus and Porta is proceeding without any delays
- Long-term financing is in place for the projects being implemented
- The entire project is well ahead of schedule

Residual risks lie in letting the remaining properties, as well as the financing of the remaining construction phases. The next and final WinX construction phase will only be started after advance marketing.

On the basis of current and planned development project work for the next twelve months, we consider this risk and any potential financial implications to be low to medium for 2013.

Operations

▷ Acquisition and sales planning
Our planning for 2013 also contains income and profits resulting from acquisitions and sales. In 2013, we are aiming for an acquisition volume of at least EUR 150 million and a sales volume of at least EUR 80 million. Should we exceed or fall short of these figures, this could change our profit forecast positively or negatively. We consider the risks and opportunities of deviating from our budget figures for 2013 to be unlikely. The possible financial impact would be slight to moderate.

▷ Letting
Opportunities from letting arise most notably from stabilising and increasing income. We strive to do this by letting to tenants with good credit ratings and through intensive property management. When deciding on acquisitions, we subject properties, the market, locations and tenants to an intensive analysis. As a general principle, we aim to secure long-term tenancies and take measures in good time to extend tenancy agreements and to find new tenants. We optimise our opportunities for letting by regularly monitoring and improving the structural quality of our properties.

Letting risks involve the non-payment of rent and profitability risks due to less profitable new tenancy agreements or renewals. Default risks resulting from outstanding rental payments are taken into account in value adjustments. We also try to avoid being dependent on major tenants. In 2013 and 2014, around 37% of total rental income will be accounted for by the ten largest tenants. These tenants are all renowned and largely creditworthy tenants, primarily from the public sector, telecommunications and the retail sector. With the exception of the tenants Metro and Deutsche Bahn, no tenant accounts for more than 5% of total letting volume.

In financial years 2013 and 2014, tenancy agreements with a volume of EUR 4.4 and 12.7 million may end; tenancy agreements generating income of EUR 5.5 million will also be extended periodically with no fixed date for termination. We are working on the assumption that, as in previous years, the overwhelming majority of the agreements that are expiring can be extended, or the space that becomes vacant can be leased to new tenants. If we fall 10% short of our targets for new tenancy agreements in 2013, this would lead to a loss of earnings of maximum EUR 0.5 million with an annualised rent of around EUR 5.2 million.

Despite the difficult market, we consider the likelihood of letting opportunities and risks to be low thanks to our effective property management and their possible repercussions to be low to moderate.

▷ Property and location
Location opportunities and risks arise from an erroneous assessment of the property's situation and any change to the infrastructure at the micro-location or the regional structures of the macro-location. We therefore examine the position and location intensively before making any investment and acquisition decisions. In operational business, our professional asset management contributes to our identifying changes in the environment in good time and reacting appropriately by repositioning or selling the properties, for instance.

Property risks are risks resulting from the possession and operation of a property. In addition to wear and tear, these include all risks resulting from the wearing out or partial destruction of the property. Furthermore, risks may arise from inherited problems, harmful substances or breaches of construction law requirements. As a landlord, we try to reduce the risks of property depreciation by contractually obliging the tenant to use the property within the generally accepted scope and to contribute to its maintenance or repair. Through our professional asset management, we also exclude virtually all risks from inadequate property management, failures in maintenance and inefficient cost management.

We consider the likelihood of location and property-related opportunities and risks to be low overall and view their possible impact as low.

▷ Fund business
Opportunities from fund business are to be found most notably in expanding our investment volume as well as providing additional services in the area of investment and real estate management and increasing investment income as well as management fees.

There are risks with regard to our income, which is influenced by fund volumes under management and the rental income of the fund properties as well as by acquisitions and sales. This income may be negatively influenced to a substantial extent by negative transaction balances, the liquidation of funds or significant losses of rental income in particular. A further risk could arise from insufficient confidence among investors, which could lead to the return of share certificates and cash outflows in a worst-case scenario. Any return of share certificates is arranged according to a convenient timeframe, which means that liquidity implications can be planned. If our reputation as a provider of institutional fund products suffers, then the launch of new funds may also be at risk. In order to boost investor confidence, we have a stake of at least 20% in each fund.

Based on our expertise and good customer loyalty, we rate the probability of occurrence and risk scope as low.

▷ Personnel
Competent, committed and motivated employees are a great opportunity for the successful development of DIC Asset AG, which is why we are working at being perceived as an attractive employer. We focus above all on systematic Human Resources marketing, the practical promotion of young talent, targeted professional training to develop skills and the analysis of performance and potential with the aim of opening up attractive prospects for personal development and supporting staff with particular potential. Key positions are regularly analysed with regard to anticipated succession planning and appropriate internal candidates are prepared for these roles. Further elements include target-group oriented support and advice and attractive incentive systems.

Risks arise, most notably, in losing high-performers and in attracting suitable new employees. Due to these measures, we consider more serious problems and personnel-related risks to be unlikely and their financial implications to be low.

▷ IT
A loss of the database or a longer failure in the systems used in the regions or at head office could lead to our operations being considerably disrupted. We have protected ourselves against IT risks though our own network, modern hard and software solutions and appropriate measures against attacks. Structural security measures are in place to protect the computer centre. All data are backed up daily in an external data depository. We have developed data recovery and continuity plans to be able to rectify disruptions quickly. Detailed rules on access rights ensure that employees can only access the systems and documents they need for their work. In the last year, we have been working on a company-wide project involving the introduction of a new IT platform, with which we shall replace the isolated systems in real estate management and company accounting with integrated software from December 2012. With this investment, we shall make our property management more efficient, reduce interfaces and make our operations more transparent. We shall also increase security in the monitoring and administration of our property portfolio.

At the end of December 2012, the new IT platform was put into operation. In order to reduce the risks of data migration and initial use, external advisors and trained initial users will be available during the first weeks of the system change to provide support to our employees. As a result of the precautions and security measures that we have taken, we estimate the overall IT risk to be minimal, and the consequences of such risks to be low to medium.

OVERALL VIEW OF THE RISK SITUATION: BETTER THAN THE PREVIOUS YEAR

As part of our risk management procedure, individual risks are incorporated into a general risk overview by the Finance and Controlling Department.
With regard to the individual risks listed in this report – taking account of the probability of their occurring and the potential impact – as well as the aggregate total risk, we assume that these risks cannot directly jeopardise the company's future development.

Overall, we improved the risk situation compared with the previous year in the course of the 2012 financial year. The following factors made a particular contribution here:
- Financing and liquidity risks: significant improvement of the term structure through the conclusion of financing in the amount of some EUR 640 million
- Development project risks: significant progress in MainTor and Opera Offices projects, letting and sales success
- Letting risk: high letting performance once again, investments of just under EUR 20 million in portfolio properties
- IT risks: new IT system for real estate management and portfolio accounting commissioned

As a result, DIC Asset AG's overall risk profile has improved slightly compared with the previous year.

Ultimately, however, the sovereign debt crisis in Europe has not yet been resolved despite substantial government aid. The long-term implications of unorthodox support measures for countries with funding problems cannot be foreseen either. The resulting developments and their potential implications may have significant consequences for the German economy, its businesses and the real estate sector. However, due to their complexity, these implications cannot be predicted or calculated at present.

INTERNAL CONTROL SYSTEM

General
The internal control system (ICS) and the risk management system with regard to DIC Asset AG's financial reporting process encompass guidelines, procedures and measures. Their key aims are to ensure that business is handled securely and efficiently, financial reporting is reliable and compliant, and laws, directives and the relevant legal provisions are complied with. The internal control system consists of two areas, namely control and monitoring. In organisational terms, Corporate Finance, Controlling and Accounting are responsible for control.

The monitoring measures consist of elements incorporated in the process and external independent elements. Among others, the integrated measures include manual controls such as the "dual control principle", which is applied universally, and technical controls, essentially by software-based checking mechanisms. In addition, qualified employees with the appropriate powers (managing directors of portfolio companies or employees in the second management tier, for instance) as well as specialised Group departments such as Controlling or Legal perform monitoring and control functions as part of the various processes.

External, cross-process checks of the internal monitoring system are carried out most notably by the Management Board and the Supervisory Board (the Audit Committee in particular here) as well as by the auditors as part of the audit.

With regard to the company's financial reporting, the risk management system focuses on recognising the risks of inaccurate bookkeeping, financial accounting and reporting in good time, on assessing them and communicating them. Further comments on the risk management system are provided under the heading "Risk management" in the Risk and Opportunities Report, which follows the consolidated financial statements.

Use of IT
We manage and monitor our relevant IT systems at a central level. The software used to record accounting transactions in the individual companies consists of established standard sector solutions in the majority of cases. From the end of December 2012, we shall use a modern system tailored directly to the requirements of real estate companies, which integrates property management and company accounting as well as the planning, control and analysis systems. This system will replace individual systems.

The correctness of the programs and interfaces we use is regularly examined and verified. The results of the audit of IT systems with their concrete recommendations help us to make continuous improvements. As a result, we increase the security of the system and enhance the expertise of the employees responsible for it. Our entire IT system, including bookkeeping and accounting, is protected against unauthorised access.

Ensuring that the financial reporting is correct and reliable
The regulations, control activities and measures prescribed by the internal control system ensure that transactions are recorded promptly and completely in compliance with statutory and internal provisions, and that assets and liabilities as well as expenses and income are recognised, measured and reported accurately in the consolidated financial statements. The accounting documents provide a reliable and comprehensible information base.

The International Financial Reporting Standards (IFRS) are supplemented by sector standards such as the EPRA recommendations, for instance, and applied by DIC Asset AG as uniform measurement and reporting principles throughout the Group. The financial reporting rules regulate in detail the formal requirements for the consolidated financial statements, such as stipulating the companies to be included in the scope of consolidation and the content of the reports to be prepared by the individual companies. Internal regulations governing settlement practice within the Group, for instance, are also provided.

At Group level, control encompasses, most notably, the analysis and, if necessary, adjustment of the separate financial statements included, taking into account the findings and recommendations of the auditors. The consolidation of all accounts is conducted at the headquarters in Frankfurt am Main. Impairment tests carried out centrally, particularly the annual review of the market value of all real estate carried out by independent surveyors, ensure that the valuation criteria are applied uniformly and on a standardised basis. The data required for disclosures in the Management Report and the Notes are also aggregated and adapted at Group level.

Qualificatory statements

Even tried-and-tested, established systems such as DIC Asset AG's internal control and risk management systems cannot exclude errors and infringements entirely, meaning that absolute security with regard to the accurate, complete and prompt recording of data in Group financial reporting cannot always be fully guaranteed. Non-recurring, non-routine business opportunities or those which are urgent may conceal a certain potential for risk. Risks may also arise from the scope for discretion that employees have in recognising and measuring assets and liabilities. A certain control risk also arises from the use of service providers to process data. Financial reporting-related risks arising from financial instruments are explained in the Notes.

➤ OTHER DISCLOSURES

ANNUAL FINANCIAL STATEMENTS OF DIC ASSET AG

Results of operations, financial and asset position

DIC Asset AG is the holding and management company of the Group. In essence, its operational real estate activities are organised via the property companies.

DIC Asset AG's asset and earnings situation is therefore influenced primarily by its involvement in its investments. The soundness of its investments emerges from the net assets and financial position of the properties and is secured, in particular, by their real estate assets. DIC Asset AG prepares its financial statements in accordance with the HGB.

Sales revenues and other income of EUR 4.1 million remained at the level of the previous year (2011: EUR 4.3 million). They relate to advisory and other services provided to subsidiaries, especially concerning buying and selling and asset management. In addition to personnel and administration costs, the result of EUR -8.4 million (2011: EUR -7.7 million) before interest, tax and income from investments is dominated by subsidies of EUR 2.9 million to associated companies and the costs of this year's bond issue amounting to EUR 0.8 million overall. The interest expense connected with our loan came to EUR 4.3 million, after EUR 2.6 million in the previous year. This was due to the higher nominal volume, in addition to usage for the full year.

The increase in expenses was more than offset by the contributions to earnings made by our investments, which we were able to increase once more in the past year. The positive interest balance with respect to subsidiaries and investments increased by EUR 6.3 million (+109%) to EUR 12.1 million and their dividends rose by EUR 1.5 million (+11%) to EUR 16.1 million. Profit for the period thus increased by EUR 1.9 million (+16%) to EUR 14.2 million.

The restructuring of individual investments and capital measures resulted in a net fall in financial assets by EUR 42.8 million (-8%) to EUR 489.2 million (2011: EUR 532 million).

In conjunction with the optimisation of the Group's financing structure, receivables from associates and investments increased by EUR 70.9 million (+28%) to EUR 321.6 million. Liabilities to associates and investments fell by EUR 24 million (-21%) to EUR 92.5 million. Overall, the involvement in associated companies, comprising investments as well as receivables from and liabilities to associates and investments had risen as at the balance sheet date of 31 December 2012 by EUR 52.2 million from EUR 666.1 million to EUR 718.3 million (+8%).

Borrowed capital reduced overall by EUR 14.7 million (-7%) to EUR 186.1 million. The decline in liabilities to associated companies was matched in particular by the acquisition of other funds from our corporate bond with a nominal volume of EUR 16.9 million. In equity, the profit for 2012 amounted to EUR 14.3 million and the dividend payment for the previous year came to EUR 16 million, so the equity of the company decreased by around EUR 1.8 million (-0.3%). The total assets decreased slightly by EUR 16.5 million to EUR 877.6 million (-2%). The equity ratio of 78.8% remained at the same level as the previous year (2011: 77.5%).

Forecast for the separate financial statements of DIC Asset AG

Assuming that the economic trend remains stable and the Group's acquisition targets for the 2013 financial year are met, we are expecting further positive performance in 2013 in terms of income from investments and the annual results, maintaining the level of 2012. We are anticipating being able to continue with our stable dividend policy in the coming year. For more information, please see the forecast report for the Group (page 70).

RELATIONSHIP TO RELATED COMPANIES AND PERSONS

The Management Board has prepared a separate report on relationships to affiliates in accordance with § 312 of the German Stock Corporation Act (AktG). The report ends with the following declaration:

"We hereby declare that according to the facts known to us at the time in which the legal transactions were conducted, our company received or paid a commensurate consideration in each transaction. We took no actions at the behest of or on behalf of the controlling company."

Information on related parties in accordance with the provisions of IAS 24 can be found in the Notes to the consolidated financial statements. Information on the compensation of the Supervisory Board and the Management Board is reproduced in the Remuneration Report.

TAKEOVER RELATED DISCLOSURES AND EXPLANATIONS

The following disclosures in accordance with §§ 289 para. 4, 315 para. 4 of the German Commercial Code (HGB) reflect the circumstances as of the balance sheet date. The following explanation of these disclosures also meets the requirements for an explanatory report under § 176 para. 1 sentence 1 AktG.

Composition of the subscribed capital

The subscribed capital in the amount of EUR 45,718,747.00 consists of 45,718,747 bearer shares in the form of no-par shares. There are no other classes of shares. All shares have the same rights and obligations. Each share gives entitlement to one vote at the General Shareholders' Meeting. This excludes any treasury shares held by the company itself. The company will have no rights based on these shares. The voting right begins when the statutory minimum deposit has been made on the shares. The rights and obligations tied to the shares are shown in detail in the terms of the AktG, in particular §§ 12, 53a ff., 118 ff. and 186.

Direct and indirect capital shareholdings which exceed 10% of the voting rights

Please refer to the Notes to the consolidated financial statements with regard to direct and indirect holdings in the capital of DIC Asset AG which exceed 10% of the voting rights.

Statutory provisions and the requirements of the Articles of Incorporation on the appointment and dismissal of members of the Management Board and the amendment of the Articles of Incorporation

The appointment and dismissal of members of the Management Board is based on §§ 84, 85 AktG and § 7 of the Articles of Incorporation. Pursuant to § 7 para. 1 of the Articles of Incorporation, the Management Board is composed of at least one person. The Articles do not contain any special arrangements for the appointment or dismissal of individual members or all members of the Management Board. The Supervisory Board has the power of appointment and dismissal. It appoints members of the Management Board for a maximum term of office of five years. Members may be reappointed or their term may be extended for a maximum of five years in each case subject to § 84 para. 1 sentence 3 AktG.

Amendments to the Articles of Incorporation are made pursuant to §§ 179, 133 AktG and § 5, 9 para. 6 and 14 of the Articles of Incorporation. The Articles of Incorporation have not exercised the option to impose further requirements for amendments to the Articles. Unless prevented by statute, the General Shareholders' Meeting adopts resolutions by a simple majority of votes cast and, if the law prescribes a majority of shares besides a majority of votes, by a simple majority of the share capital in place when the resolution is made. The Supervisory Board has the power to make amendments to the Articles of Incorporation if only the wording is affected.

The Management Board's powers to issue and redeem shares

The powers of the company's Management Board to issue and redeem shares are all based on resolutions to that effect by the General Shareholders' Meeting, the essential content of which is shown below.

▷ Authority to acquire treasury shares

By resolution of the ordinary General Shareholders' Meeting of 5 July 2011, the Management Board was authorised, provided that prior consent is obtained from the Supervisory Board, to purchase treasury shares before 4 July 2016 up to a total of 10% of the company share capital at the time of the resolution or – if lower – at the time the authorisation is acted upon. At no time may the acquired shares together with other treasury shares in the possession of the company or allocated to it under §§ 71a ff. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading in treasury shares. The authorisation may be exercised as a whole or in instalments, once or more than once, for one or more purposes, by the company or by companies dependent on or majority-owned by it, or by third parties acting on their behalf or on behalf of the company.

At the Management Board's discretion, and with the prior consent of the Supervisory Board, shares may be acquired through the stock exchange or through a public offering directed to all shareholders or a public invitation to all shareholders to submit offers for sale.

The volume of the public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell can be restricted. Insofar as the volume of the offered shares exceeds the planned repurchase volume in the case of a public offering or a public invitation to submit offers to sell, the acquisition can take place proportionate to the shares subscribed to or offered in each case; to this extent, the shareholders' right to offer their shares proportionate to the percentage of shares that they hold is excluded. A preferential acceptance of smaller numbers up to 100 offered shares per shareholder can be stipulated, as can a rounding on the grounds of sound business practice to avoid arithmetic fractions of shares. To this extent, any further right of the shareholders to offer shares is excluded. The public offering directed to all shareholders or the public invitation to all shareholders to submit offers for sale may stipulate further conditions.

The Management Board is authorised, with the prior consent of the Supervisory Board, to use the treasury shares acquired on the basis of this authorisation for any legal purpose, in particular the following: (i) The shares may be withdrawn without a further resolution by the General Shareholders' Meeting being required for the withdrawal or its execution. They may also be withdrawn by the simplified procedure without capital reduction by adjusting the pro rata mathematical amount of the remaining shares in the company's share capital. If they are withdrawn by the simplified procedure, the Management Board is authorised to amend the number of shares in the Articles of Incorporation. (ii) The shares may also be disposed of in a way other than through the stock exchange or by an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the market price of the already listed shares that enjoy essentially the same terms. The number of shares sold in this way together with the number of other shares that were sold during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 para. 3 sentence 4 AktG or issued from authorised capital, and the number of shares that can be created through the exercise of option and/or conversion rights or the fulfilment of conversion obligations arising from warrant bonds and/or convertible bonds issued during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 para. 3 sentence 4 AktG does not exceed 10% of share capital, neither at the time this authorisation becomes effective nor at the time when it is exercised; (iii) The shares can be sold against contributions in kind, in particular for the purpose of the acquisition of companies, parts of companies, interests in companies or other assets associated with the purpose of the acquisition or within the scope of business combinations. (iv) The shares may be used to fulfil subscription and exchange rights on the basis of the exercise of conversion and/or option rights or the fulfilment of conversion obligations arising from or in conjunction with convertible bonds and/or bonds with warrants issued by the company or its Group companies fully owned by DIC Asset AG.

Further details are contained in the authorising resolution.

As at 31 December 2012, the company holds no treasury shares. It has not made use of the authorisation described above.

▷ Authorised capital

With the resolution of the Ordinary General Shareholders' Meeting of 5 July 2011, the Management Board was authorised, with the Supervisory Board's approval, to increase the share capital of the company by 4 July 2016 by means of one or more issues of new individual bearer shares for cash and/or contributions in kind by up to a total of EUR 22,859,000.00 (authorised capital). In principle, shareholders are to be granted subscription rights here. The shares can also be acquired by one or more financial institutions or companies within the meaning of § 186 para 5 sentence 1 AktG, subject to the obligation that they offer them to the shareholders for subscription (indirect subscription right).

The Management Board is, however, authorised to exclude shareholders' subscription rights with the approval of the Supervisory Board,

(i) to remove fractional amounts from the shareholders' subscription right;
(ii) if the new shares are issued against cash contributions and the issue price of the new shares is not significantly lower than the market price of the shares already listed that enjoy essentially the same terms. The number of shares sold in this way, combined with the number of other shares that have been issued or sold with subscription rights excluded in direct or indirect application of § 186 para. 3 sentence 4 AktG, and the number of shares that can be created through the exercise of option and/or conversion rights or the fulfilment of conversion obligations arising from bonds with warrants and/or convertible bonds that have been issued during the life of this authorisation with subscription rights excluded in accordance with § 186 para. 3 sentence 4 AktG does not exceed 10% of share capital, neither at the time this authorisation becomes effective nor at the time it is exercised.
(iii) if the capital increase is carried out against contributions in kind, in particular for the purpose of the acquisition of companies, parts of companies, interests in companies or other assets associated with the purpose of the acquisition or within the scope of business combinations. The number of shares issued in this manner may not exceed 20% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised;
(iv) if it is necessary in order to grant holders or creditors of options and/or convertible bonds with option and/or conversion rights or conversion obligations which have been or are still to be issued by the company or any Group companies in which the company holds a 100% stake, either directly or indirectly, a subscription right on new shares to the extent that they would be entitled to after exercising the option or conversion rights or after fulfilment of conversion obligations as a shareholder.

The Management Board has not made use of the authorisation described above.

▷ Contingent capital

By virtue of the resolution of the General Shareholders' Meeting of 5 July 2010, the Management Board is authorised, with the approval of the Supervisory Board, to grant bearer bonds with warrants or convertible bonds (together, "bonds") on one or more occasions up to 4 July 2015 in a total nominal amount of up to EUR 300,000,000.00, and to grant conversion or option rights to holders of bonds (including with a conversion obligation) to bearer shares in the company representing a proportionate amount of the share capital of up to EUR 19,590,000.00 in total, subject to the precise terms of the option or convertible bond conditions (together also "bond conditions"). The bonds can only be issued against cash payment.

As a basic principle, the shareholders have a subscription right, i.e. the convertible bonds and bonds with warrants are in principle to be offered to the company's shareholders for subscription. The bonds can also be accepted by one or more financial institutions or companies within the meaning of § 186 para. 5 sentence 1 AktG, subject to the obligation that they offer them to the shareholders for subscription (indirect subscription right). If bonds are issued by a Group company, the company will ensure that the company's shareholders are granted subscription rights accordingly.

The Management Board is, however, authorised, with the Supervisory Board's approval, not to grant shareholders the right to subscribe to the bonds,

- for fractional amounts resulting from the proportionate subscription right;
- insofar as the Management Board, having undertaken a proper examination, concludes that the issue price is not significantly lower than the theoretical market value of the bonds calculated using recognised methods of financial mathematics. This authorisation to exclude a subscription right does not, however, apply to bonds with a conversion or option right (including with a conversion obligation) to shares to which is attributed at most a proportional amount of 10% in total of the existing share capital at the time of its entry into force or at the time of the exercising of this authorisation, whichever is lower. This upper limit of 10% of share capital must include the proportionate amount of share capital attributed to shares, which were issued during the life of this authorisation within the scope of a capital increase under the exclusion of subscription rights as per § 186 para. 3 sentence 4 AktG or which were sold as acquired treasury shares during the life of this authorisation in a manner other than via a stock exchange or via an offer to all shareholders with the application mutatis mutandis of § 186 para. 3 sentence 4 AktG;
- if it is necessary in order to grant holders or creditors of bonds with warrants and convertible bonds with option and/or conversion rights or conversion obligations which have been or are still to be issued by the company or group companies in which the company holds a direct or indirect 100% stake a subscription right to bonds to the extent that they would be entitled to as a shareholder after exercising the option or conversion rights or after fulfilment of conversion obligations.

In the case of the issue of warrant bonds, each individual bond will have one or more option certificates which entitle the holder to obtain bearer shares of the company in accordance with the terms and conditions of the option to be determined by the Management Board. In the case of the issue of bonds with warrants, holders are entitled to exchange their individual bonds for bearer shares in the company subject to the precise terms of the convertible bond conditions to be defined by the Management Board. An additional payment payable in cash may also be fixed.

The convertible bond conditions may also provide for a conversion obligation at the end of the term (or earlier). The conditions of the convertible bond or bond with warrants may grant the company the right to grant new shares or treasury shares in the company to the bond creditors instead of some or all of the payment of a sum due. Furthermore, the conversion or warrant bond conditions can determine in each case that, in the case of conversion or exercising of an option, treasury shares in the company can also be granted. Moreover, it can be stipulated that the company does not grant shares in the company to the parties entitled to a conversion or an option but pays the equivalent value in cash of the shares which would otherwise have been delivered.

Further details are contained in the authorising resolution.

To service conversion or option rights or conversion or option obligations as part of bonds issued by authorisation of the General Shareholders' Meeting of 5 July 2010 until 4 July 2015, the company's share capital was conditionally increased by up to EUR 19,590,000.00 by the issue of up to 19,590,000 individual bearer shares (contingent capital 2010).

The Management Board has not made use of the authorisation described above to issue convertible bonds and/or bonds with warrants.

Major agreements on condition of a change of control as a result of a takeover bid

DIC Asset AG has entered into the following significant agreements that contain change of control clauses.

DIC Asset AG is a partner in several joint ventures with Morgan Stanley Real Estate Funds (MSREF) on the one hand and DIC Capital Partners (Germany) GmbH & Co. KGaA on the other hand. The respective joint venture partner will be granted the right in the case of a change of control to acquire the interests of DIC Asset AG in the respective real estate investment at the current market value. In particular, there is change of control if Deutsche Immobilien Chancen AG & Co. KGaA no longer directly or indirectly holds at least 30% of the shares and voting rights in DIC Asset AG.

Finally, the terms of issue of the corporate bonds issued by the company (ISIN DE 000A1KQ1N3) totalling up to EUR 100 million (maturing in May 2016) specify that early payment may be made at the choice of the creditor in the event of a change of control. Thereafter, every creditor will have the right, but not the obligation, to demand full or partial repayment from DIC Asset AG or, at the choice of DIC Asset AG, the purchase of its bonds by DIC Asset AG (or at its request by a third party). However, the exercise of the option by a creditor will only take effect if the creditor has exercised the option in respect of at least 20% of the total amount of bonds still outstanding at this time. A change of control pursuant to the terms of issue occurs where it becomes known to DIC Asset AG that (i) a person or a group of persons acting together pursuant to § 2 (5) of the German Act on Securities Acquisitions and Takeovers (WpÜG) has become the legal or economic owner of more than 50% of the voting rights in DIC Asset AG; or (ii) a person has achieved actual control over DIC Asset AG under the terms of a control agreement with DIC Asset AG pursuant to § 291 AktG.

Indemnity agreements entered into with members of the Management Board or employees in the case of a takeover bid

In the case of a change of control, a member of the Management Board will be entitled to extraordinary termination of the employment contract. A case of change of control will be in place if a shareholder holds at least the majority of the voting rights represented in the General Shareholders' Meeting and at the time of the conclusion of the employment contract, that shareholder did not already hold more than 20% of the share capital of the company, or the company concludes an affiliation agreement in certain cases as an independent company or is integrated into or merged with another company. A Board member exercising his right to terminate is entitled to receive a payment of twice his total annual earnings in the financial year which ended at least 18 months before to the change of control.

Other information

The other disclosures in accordance with §§ 289 para. 4, 315 para. 4 HGB refer to circumstances that do not exist at DIC Asset AG. There are no restrictions affecting voting rights or the transfer of shares, nor are there any shareholders with special rights conferring supervisory powers, nor are there any voting right controls by employees with shares in the company's capital.

FORECAST

- Gross rental income of around EUR 121-123 million
- Reduction of vacancy rate to around 10%
- Acquisition volume at least EUR 150 million
- Moderate FFO increase to EUR 45-47 million (up to 5%)

Overall view

For the 2013 financial year, we are expecting general conditions to remain stable by and large for DIC Asset AG, mainly in view of the forecast trend in the labour market and a positive consumer climate, although the economy is likely to provide our company with less support than in the previous year. This means that our business will be more difficult overall than in the previous year, particularly with regard to letting. However, we are very well placed to handle these conditions with our Germany-wide organisational setup.

We shall pursue moderate growth in 2013 as well; to this end, we will continue to implement acquisitions and use our real estate management structure to further extend the quality and earnings power of our portfolio. We view our strategic positioning as a resilient competitive advantage, particularly with regard

to international investors, which contributes to our maintaining of our long-term growth targets even in difficult conditions. We are capable of both coping with downturns in the economy and exploiting any opportunities that are available.

In the next few months, we are not planning any major changes to DIC Asset AG's basic focus or its market presence. We expect to exceed the previous year's operating profit and intend to increase FFO to EUR 45-47 million (up to 5%).

Economic environment

It is likely that growth in the German economy will weaken temporarily in 2013; the European Commission is currently predicting growth of 0.5%. At the same time, the weaker winter half-year 2012/2013 will prevent stronger growth overall. In particular, the resilient labour market, private consumer expenditure and private investment in housing will play a key role in underpinning economic growth. Thanks to this generally positive trend, German economic growth will once again significantly outstrip the euro zone average in 2013.

Uncertainty on the financial market has been quelled somewhat by the ECB's decisive action in supporting EU member countries with financing problems. Since, however, the causes of the sovereign debt crisis have not been rectified, we can expect the policy of low interest rates to continue in 2013 and may see additional support measures. As a consequence of this, investors will continue to focus on tangible assets. There are unlikely to be any material changes to the banks' cautious and restrained financing policy compared with the previous year.

Assessment of sectoral development

In the current financial year, we expect stable but more restrained growth in the office letting market than in the previous year. The robust trend in the labour market and office employment constitutes a sound foundation for our letting activities. However, competition for tenancies may well increase, which could make greater concessions to tenants in the form of rent reductions more frequent once again. Decision-making processes on the part of tenants who are prepared to move could take longer since decisions and negotiations regarding relocation will be weighed up even more carefully. Estate agents' analysts expect a letting volume of around EUR 3.0 million at best. This would match the level of 2012 and also the average of the last five years.

Thanks to a very strong fourth quarter in 2012, transaction volume on the commercial real estate market totalled approximately EUR 25 billion. Essentially, these record figures are evidence of the appeal of the German market to domestic and international investors. Even though non-recurring factors like the increase in property transfer tax have contributed to this, the general conditions for a buoyant market in transactions remain robust for 2013 too. Among other things, real estate investments promise far higher returns than ten-year federal bonds at present, the German economy is well-diversified compared with other European countries, and the policy of low interest rates will also ensure that financing conditions remain favourable in 2013.

Investors will continue to focus particularly on core properties, although fierce competition means that peak yields will also remain under pressure. The opportunities for an relaxation of what are often strict investment criteria are looking somewhat more favourable than previously: at the beginning of the year, there is an increasing willingness to incur risk on the financial market. Alternative financiers, such as debt funds, are also seeking market share. Should transaction activity extend to locations outside cities and to more management-intensive properties, then it is possible that investment volume will reach the level of 2012 or even slightly exceed it.

Further reduction in the vacancy rate planned

Thanks to the sharp reduction in vacancies in our portfolio, we have fewer tenancies coming up for renewal in 2013 than in the previous year. At approximately 45,000 sqm (potentially EUR 5.7 million) in total, significantly fewer tenancy agreements will expire in the 2013 financial year than in 2012. In relation to total rental income, expiring tenancies amount to around 4% compared with 10% in the previous year. For this reason, we are also confident that we shall let around 200,000 sqm in our portfolio despite less dynamic economic growth. Given fewer tenancies expiring in 2013, with this performance we once again expect a reduction in the vacancy rate by one percentage point to around 10%.

Acquisition volume of at least EUR 150 million

Our activities will also focus on expanding the portfolio moderately in 2013. On the basis of our liquidity at the beginning of the year, we are planning indirect and direct investment volume of at least EUR 150 million. We shall, as usual, use our acquisitions to strengthen the quality of our portfolio long-term. The acquisitions will reflect our investment criteria and will be for both our existing portfolio and our Co-Investments. Investment will be focused on the two special funds.

Growth in fund business

Following the successful launch of the second special fund "DIC HighStreet Balance", we have already acquired the first properties at a cost of EUR 25 million. This figure is to be increased significantly; we are also planning further investments for "DIC Office Balance I". In 2012 the FFO contribution from investment income and fees amounted to approximately EUR 4 million. This contribution should once again increase significantly in 2013 with the planned expansion in the portfolio to broaden our FFO base.

Sales volume of at least EUR 80 million

We are planning disposals at the previous year's level, namely at least EUR 80 million. This should be nearly balanced between the Commercial Portfolio and Co-Investments. Suitable properties have been identified and the groundwork for their sale has started. We are therefore well placed to put our properties on the market when the right opportunity arises.

Development projects

Overall, developments regarding our development projects have been far better in 2012 than originally planned – we are well ahead of schedule following significant progress on the MainTor project in particular. The first building on the MainTor site, "MainTor Primus", will be completed in 2013. We shall also continue with the sales of the condominiums, which have started well, and will focus on marketing for "WinX" from autumn onwards. The marketing of "Opera Offices Neo" will be at the forefront of our activities in Hamburg.

Comments on the profit forecast

Our forecast is based on a number of different fundamental assumptions:

- The German economy and labour market will remain strong
- The letting market will post stable growth
- Rental defaults due to insolvency will remain low
- We can reduce the vacancy rate by around one percentage point, as planned, with our letting activities.
- We shall achieve our planned acquisition volume of at least EUR 150 million

We will not give any firm indications as to the profit for the period. The precise amount of the profit for the period is very heavily dependent, among other things, on whether we can acquire or sell properties in our segments with majority or minority interests.

Expected sales and earnings position for 2013

On the basis of our planning assumptions, we are expecting gross rental income between EUR 121 and 123 million. Rental income of around EUR 2 million from planned acquisitions in the 2013 financial year have already been taken into account here. Our operating expenses are comparable with those of the previous year; in addition, we expect interest expenses to be slightly below those of the previous year. On this basis, we expect an increase in operating profit in 2013 with FFO of between EUR 45 and 47 million (approximately EUR 1 per share).

At the beginning of the year, sentiment on financial markets is positive, as extensive measures have been put in place to stabilise European countries in financial difficulties. However, this has not remedied the causes of the sovereign debt crisis, and the long-term effects cannot currently be predicted, let alone calculated. For this reason our planning contains additional risk assumptions. In spite of this, our forecast may differ materially from actual results if underlying assumptions are not fulfilled or other extraordinary developments occur.

Expected financial situation in 2013

On the basis of our plan, our ongoing business operations do not require any additional external financing at present. It is expected that portfolio investments, the funding requirements for refinancing pending in 2013, the dividend payment for the 2012 financial year and cash flow from disposals will represent the most significant factors influencing liquidity from operating activities in 2013. Our liquidity will also allow us to carry out acquisitions for moderate portfolio addition. In these cases, additional funds may be borrowed.

To the extent foreseeable, all liquidity requirements and commitments from financing are met.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period from 1 January 2012 to 31 December 2012 in TEUR

	Notes	2012	2011
Total revenues		229,088	157,244
Total expenses		-160,548	-91,233
Gross rental income	1	126,528	116,746
Ground rents		-830	-784
Service charge income on principal basis	2	20,487	16,300
Service charge expenses on principal basis	2	-22,923	-17,964
Other property-related expenses	3	-10,066	-7,543
Net rental income		113,196	106,755
Administrative expenses	4	-8,847	-8,544
Personnel expenses	5	-12,123	-10,216
Depreciation and amortisation	6	-33,522	-29,616
Fees from real estate management	7	5,725	5,310
Other income	8	689	1,174
Other expenses	8	-343	-534
Net other income		346	640
Investment property disposal proceeds		75,658	17,714
Carrying value of investment property disposed		-71,893	-16,032
Profit on disposal of investment property	9	3,765	1,682
Net operating profit before financing activities		68,540	66,011
Share of the profit of associates	10	1,781	2,617
Interest income	11	9,797	7,898
Interest expense	11	-65,974	-63,921
Profit before tax		14,144	12,605
Current income tax expense	12	-1,913	-2,082
Deferred income tax expense	12	-401	89
Profit for the period		11,830	10,612
Attributable to equity holders of the parent		11,690	10,507
Attributable to minority interest		140	105
Basic (=diluted) earnings per share (EUR)	13	0.26	0.24

STATEMENT OF COMPREHENSIVE INCOME from 1 Januar to 31 December 2012 in TEUR

	2012	2011
Profit for the period	11,830	10,612
Fair value of hedge instruments		
Cash flow hedges	-2,376	-9,741
Cash flow hedges from associates	-308	776
Recorded directy in equity	-2,684	-8,965
Comprehensive income	9,146	1,647
Attributable to equity holders of the parent	9,006	1,542
Attributable to minority interest	140	105

CONSOLIDATED BALANCE SHEET at 31 December 2012 in TEUR

Assets	Notes	31.12.2012	31.12.2011	01.01.2011
Investment property	14	1,847,372	1,902,129	1,718,215
Office furniture and equipment	15	490	538	519
Investments in associates	16	75,730	66,462	60,991
Borrowings to associates	17	10,910	0	0
Intangible assets	19	185	152	255
Deferred tax assets	12	25,217	24,441	19,465
Total non-current assets		1,959,904	1,993,722	1,799,445
Receivables from sale of property		0	358	7,967
Trade receivables	20	3,423	2,692	2,635
Receivables due from related parties	21	135,254	128,058	105,682
Income tax receivable	22	7,718	7,837	7,442
Other receivables	23	5,016	4,390	3,955
Other current assets	24	6,852	4,950	1,876
Cash and cash equivalents	25	56,698	100,244	117,292
		214,961	248,529	246,849
Non-current assets held for sale	26	35,307	2,300	0
Total current assets		250,268	250,829	246,849
Total assets		2,210,172	2,244,551	2,046,294

Equity and liabilities	Notes	31.12.2012	31.12.2011	01.01.2011
Issued capital	27	**45,719**	45,719	39,187
Share premium	27	**614,312**	614,312	569,288
Hedging reserve	27	**-62,761**	-60,077	-51,111
Retained earnings	27	**15,496**	19,808	25,302
Total shareholders' equity		**612,766**	619,762	582,666
Minority interest	27	**1,556**	1,497	1,473
Total equity		**614,322**	621,259	584,139
Liabilities				
Corporate bond		**85,195**	68,589	0
Non-current interest-bearing loans and borrowings	28	**1,229,893**	1,256,165	1,239,804
Provisions	30	**1,641**	0	0
Deferred tax liabilities	12	**11,649**	10,985	8,770
Derivates	18	**73,654**	70,254	58,116
Total non-current liabilities		**1,402,032**	1,405,993	1,306,690
Current interest-bearing loans and borrowings	28	**147,540**	194,923	136,278
Trade payables	29	**2,671**	5,323	3,451
Liabilities to related parties	21	**694**	347	18
Provisions	30	**11**	33	22
Income tax payable	31	**1,986**	2,086	2,864
Other liabilities	32	**13,616**	12,356	12,832
		166,518	215,068	155,465
Liabilities in connection with non-current assets held for sale	26	**27,300**	2,231	0
Total current liabilities		**193,818**	217,299	155,465
Total liabilities		**1,595,850**	1,623,292	1,462,155
Total equity and liabilities		**2,210,172**	2,244,551	2,046,294

CONSOLIDATED STATEMENT OF CASH FLOW for the Financial Year 2012 in TEUR

	2012	2011
Operating activities		
Net operating profit before interest and taxes paid	74,403	71,625
Realised gains/losses on disposals	-3,765	-1,682
Depreciation and amortisation	33,522	29,788
Movements in receivables, payables and provisions	-1,949	-754
Other non-cash transactions	3,413	-3,948
Cash flow generated from operations	105,624	95,029
Interest paid	-61,440	-57,674
Interest received	1,605	4,143
Income taxes paid	-1,894	-3,137
Cash flow operating activities	43,895	38,361
Investing activities		
Proceeds from disposals of investment property	76,016	25,339
Acquisition of three joint venture portfolios	0	-14,544
Acquisition of investment property	-61,550	-124,785
Capital expenditure on investment property	-20,942	-15,266
Acquisitions/disposal of other investments	-7,795	-3,661
Loans to and from other entities	-17,838	-22,689
Acquisitions of office furniture and equipment	-231	-185
Cash flow from investing activities	-32,340	-155,791
Financing activities		
Proceeds from the issue of share capital	0	52,250
Proceeds from the issue of corporate bonds	16,905	70,000
Proceeds from other non-current borrowings	39,151	129,351
Repayment of borrowings	-91,974	-128,877
Deposits	-2.000	-3,500
Payment of transaction costs	-1,181	-2,840
Dividends paid	-16,002	-16,002
Cash flow from financing activities	-55,101	100,382
Net changes in cash and cash equivalents	-43,546	-17,048
Cash and cash equivalents at 1 January	100,244	117,292
Cash and cash equivalents at 31 December	56,698	100,244

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the Financial Year 2012 in TEUR

	Issued capital	Share premium	Reserve for cash flow hedges	Retained earnings	Total shareholders' equity	Minority interest	**Total**
Status as at 31 December 2010	39,187	569,288	-51,111	28,243	585,607	1,473	**587,080**
Correction acc. to IAS 8.42				-2,941	-2,941	0	**-2,941**
Status as at 31. December 2010 (corrected)	39,187	569,288	-51,111	25,302	582,666	1,473	**584,139**
Profit for the period				10,497	10,497	105	**10,602**
Correction acc. to IAS 8.42				10	10		**10**
Gains/losses from cash flow hedges*			-9,741		-9,741		**-9,741**
Gains/losses from cash flow hedges from associates*			775		775		**775**
Comprehensive income			-8,966	10,507	1,541	105	**1,646**
Dividends 2010				-16,001	-16,001		**-16,001**
Capital increase	6,532	45,024		0	51,556	0	**51,556**
Repayment of minority interest					0	-81	**-81**
Status as at 31 December 2011	45,719	614,312	-60,077	19,808	619,762	1,497	**621,259**
Profit for the period				11,690	11,690	140	**11,830**
Gains/losses from cash flow hedges*			-2,376		-2,376		**-2,376**
Gains/losses from cash flow hedges from associates*			-308		-308		**-308**
Comprehensive income			-2,684	11,690	9,006	140	**9,146**
Dividends 2011				-16,002	-16,002		**-16,002**
Repayment of minority interest					0	-81	**-81**
Status as at 31 December 2012	45,719	614,312	-62,761	15,496	612,766	1,556	**614,322**

* net of deferred taxes

NOTES TO THE 2012 CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ON THE COMPANY

DIC Asset AG (the "company") and its subsidiaries ("DIC Asset" or the "Group") invest directly and indirectly in German commercial real estate and are active in the area of portfolio, asset and property management.

Shares in the company are listed in the Prime Standard segment of the Frankfurt Stock Exchange and the stock exchanges in Munich, Düsseldorf, Berlin-Bremen, Hamburg, Stuttgart and Hanover.

DIC Asset AG, which is entered in the commercial register of the District Court of Frankfurt am Main (HRB 57679), has its registered office in Frankfurt am Main, Eschersheimer Landstraße 223.

These consolidated financial statements were approved for publication by the Management Board on 4 March 2013.

PRINCIPLES UNDERLYING THE CONSOLIDATED FINANCIAL STATEMENTS

Application of International Financial Reporting Standards

The consolidated financial statements for the 2012 financial year have been prepared in accordance with IFRS (including the interpretations of the IFRS IC) valid as at 31 December 2012, in the form in which they have been adopted by the EU. DIC Asset AG has also prepared its consolidated financial statements in accordance with § 315a Para. 1 HGB (Handelsgesetzbuch – German Commercial Code).

Accounting and valuation methods

The accounting and valuation methods applied in the disclosures and the Notes to the consolidated financial statements in financial year 2012 are based on the same accounting and valuation methods applied in the consolidated financial statements in financial year 2011. The effects of any changes made are explained in the corresponding section of these Notes.

The annual financial statements for the companies included in the consolidated financial statements are based on uniform accounting and measurement principles. As a basic principle, the same accounting and valuation methods are applied at the level of the associated companies of DIC Asset AG. The separate financial statements of the consolidated companies were prepared as at the reporting date of the consolidated financial statements (31 December 2012).

With the exception of certain items, such as shares valued under the equity method, derivative financial instruments and hedging reserves, the consolidated financial statements are prepared in accordance with the historical cost principle. The valuation methods used are described in detail on page 84 seqq.

Structure of the balance sheet and the income statement

The consolidated balance sheet is prepared in line with IAS 1 (Presentation of Financial Statements) using a classified balance sheet structure. Under this method, assets to be realised within twelve months of the balance sheet date and liabilities due within one year of the balance sheet date are generally reported as current assets/liabilities.

The income statement was prepared following the plan suggested by the European Public Real Estate Association (EPRA).

The consolidated financial statements are prepared in Euro, the functional currency of the parent company. Unless noted otherwise, all amounts are expressed in thousands of Euro (TEUR). For computational reasons, rounding differences from the exact mathematical values calculated (in TEUR, %, etc.) may occur in tables and cross-references.

Error correction in accordance with IAS 8

The German Financial Reporting Enforcement Panel (DPR) has established that the consolidated financial statements of DIC Asset AG, Frankfurt am Main, as at 31 December 2010 were inaccurate:

The investments in the DIC Office Balance I fund, which are included in the consolidated balance sheet under "Investments in associates", are overvalued by EUR 3.7 million. Accordingly, in the Group income statement the profit before tax of EUR 18.3 million is overstated by EUR 3.7 million. In addition to the costs of these units, a present value from payment surpluses resulting from a contract for the asset and property management services to be provided to the fund concluded in connection with the sale of real estate to the fund was capitalised. This is a breach of IAS 28.11, which stipulates that the investments must be recognised at cost when recognised for the first time. Since the asset and property management services must be supplied year after year, this is a pending transaction, for which recognition in the balance sheet as an asset and a component of the carrying value of the investment is not possible.

The error identified was published according to § 37q para. 2 sentence 1 WpHG on 21 December 2012 in the German Federal Bulletin.

In accordance with IAS 8.41 seqq. in conjunction with IAS 1.38-44, the error was corrected retrospectively. The changes displayed below have resulted as at 1 January 2011/31 December 2011.

New standards and interpretations

a) New and revised standards and interpretations required to be applied for the first time in the financial year

In the financial year, no standards and interpretations had to be applied for the first time, application of which would have affected the consolidated financial statements.

b) Standards and interpretations not applied (published but not yet required to be applied, or not yet to be applied in the EU in some cases)

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have adopted additional standards and interpretations whose application is not yet required for financial year 2012, or which have not yet been recognised by the EU. With the exception of the following regulations, we do not expect this to have any material effect on the consolidated financial statements:

▷ IAS 1 "Presentation of Financial Statements"
The IASB has published an amendment to IAS 1 "Presentation of Financial Statements" changing the way in which items reported in other comprehensive income in the statement of comprehensive income are presented. In future, companies will have to subdivide the items reported in other comprehensive income depending on whether or not they will be posted in future via the income statement ("recycling").

▷ IAS 12 "Income Taxes"
The future valuation of deferred taxes depends on whether the book value of an asset will be realised through use or sale.

▷ IAS 32 "Financial Instruments"
The standard was amended to provide clarification on the offsetting of financial assets and liabilities. The amendments are effective as of the 2014 financial year.

▷ IFRS 9 "Financial Instruments"
IFRS 9 relates to the classification and valuation of financial instruments. This could also result in changes in reporting financial liabilities, for example. The revisions are required to be applied by DIC Asset AG from the 2015 financial year.

▷ IFRS 10 "Consolidated Financial Statements"
This standard introduces a uniform consolidation model that focuses on the control of subsidiaries.

▷ IFRS 12 "Disclosure of Interests in Other Entities"
The standard brings together disclosures for investments in associates and joint ventures.

▷ IFRS 13 "Valuation at fair value"
The new Standard IFRS 13 introduces a standard framework concept for calculating the fair value and explanations thereof within IFRS. The regulations, which are largely consistent with US GAAP, do not contain any requirements as to the cases in which the fair value is to be used.

The impact of first-time application of the abovementioned standards and interpretations on the consolidated financial statements of DIC Asset AG is currently being assessed. The reforms are required from the 2013 financial year and in part in the 2014 and 2015 financial years.

Changes according to IAS 8

in TEUR	1.1.2011 before adjustment	Impact of correction	**1.1.2011 after adjustment**	31.12.2011 before adjustment	Impact of correction	**31.12.2011 after adjustment**
Shares in associates	64,670	-3,679	**60,991**	70,057	-3,595	**66,462**
Retained earnings	28,243	-2,941	**25,302**	22,739	-2,931	**19,808**
Deferred tax liabilities	9,508	-738	**8,770**	11,649	-664	**10,985**
Depreciation				-29,788	+172	**-29,616**
Other comprehensive income				959	-319	**640**
Earnings from associates				2,386	+231	**2,617**
Deferred taxes				163	-74	**89**
Profit for the period				10,602	+10	**10,612**
FFO				40,628	-89	**40.539**
Earnings per share (EUR)				0.24	0	**0.24**
FFO per share (EUR)				0.92	0	**0.92**

EPRA earnings
EPRA stands for European Public Real Estate Association, the association of listed real estate companies in Europe. EPRA has issued a recommendation on how real estate companies should calculate and revise their earnings to ensure they are comparable and free from exceptional factors and non-recurring effects.

The EPRA earnings is the measure for the sustained and continuous performance by a real estate portfolio. The financial years 2012 and 2011 produced the following EPRA result:

in TEUR	2012	2011
Earnings per IFRS income statement	11,830	10,612
Adjustments to calculate EPRA Earnings, exclusive:		
Changes in value of investment properties	33,229	29,145
Profits or losses on disposals of investment properties	-3,765	-1,682
Tax on profits or losses on disposals	26	13
Goodwill amortisation	293	471
Deferred tax in respect of EPRA adjustments	-812	-942
Adjustements to above in respect of joint ventures	966.1	268.4
Minority interests	-30.3	-30.3
EPRA earnings	41,737	37,855
EPRA earnings per share	0.91	0.83

CONSOLIDATION METHODS

Capital is consolidated in accordance with IFRS 3, "Business Combinations", by offsetting the book values of holdings against the proportional revalued equity of subsidiaries on the date of their acquisition. Assets and liabilities are initially recognised at their fair values. In accordance with IFRS 3, goodwill arising from business combinations is no longer amortised by means of scheduled amortisation, but rather is subject to an annual impairment test.

Negative goodwill resulting from the review is recognised on the income statement after a review has been completed. Undisclosed accruals and provisions and undisclosed liabilities are carried forward during subsequent consolidation in accordance with the corresponding assets and liabilities.

Intragroup profits and losses, sales, expenses and revenue and intragroup receivables and payables are eliminated. In the DIC Asset AG Group, trade payables and accruals are recorded at customary market conditions. The effects on income tax of consolidation processes affecting income are accounted for and deferred taxes are recognised.

The consolidated financial statements include the transactions of subsidiaries of which DIC Asset AG holds a controlling interest, either directly or indirectly, or if, because of its economic control, it benefits from the activities of the companies in question, normally through a 50% or greater interest. Subsidiaries are consolidated from the date on which the possibility of control exists, and ends if there is no more possibility of control.

Profits from subsidiaries acquired or disposed of during the course of the financial year were included in the consolidated income statement accordingly from the date on which the acquisition entered into force or until the effective date of disposal.

Participations in which DIC Asset AG exercises material influence but not joint management – on the basis of an interest of between 20% and 50% – are valued using the equity method (associates). For holdings valued under the equity method, costs are increased or reduced annually in the amount of the corresponding change in shareholder's equity of the equity holding of DIC Asset AG in accordance with IAS 28.

During initial consolidation of holdings under the equity method, negative goodwill arising from the initial consolidation is treated in accordance with the principles of full consolidation. Profits and losses resulting from transactions between Group companies and associates are eliminated in accordance with the Group holdings in the associate.

SCOPE OF CONSOLIDATION

As at 31 December 2012, in addition to DIC Asset AG, a total of 145 (2011: 144) subsidiaries were included in the consolidated financial statements (see appendix 1 to the Notes on p. 127). Subsidiaries are companies in which DIC Asset AG, as the parent company, can exercise a controlling influence in the form of a direct or indirect majority of the voting rights in the company.

Changes in the scope of consolidation

In the past financial year, DIC Asset AG has not made any acquisitions which must be classified as a business combination in the sense of IFRS 3. The acquisition of the partly inactive companies set out below solely formed the basis for the property acquired.

Initial consolidation:

- DIC Objekt Stolberger Str. GmbH, Frankfurt am Main (formerly Urbis No. 22 Köln-Stolberger Straße GmbH)
- DIC Objekt ZB GmbH, Frankfurt am Main (formerly DIC Funding II GmbH, Frankfurt)
- DIC High Street Balance GmbH, Frankfurt am Main (new foundation)
- DIC Fund Balance GmbH, Frankfurt am Main (new foundation)

Deconsolidation:

- DIC Objekt Zeil GmbH, Frankfurt, sale 28.12.2012

Merger:

- DIC Objekt Neumarkt GmbH, Frankfurt am Main with
- DIC Asset Portfolio GmbH, Frankfurt am Main
- DIC MSREF HT Objekt Mörfelden Walldorf GmbH, Frankfurt am Main with DIC MSREF HT Objekt Krefeld GmbH, Frankfurt am Main

DIC Asset holds shares in 15 companies (2011: 13) for strategic reasons, which are included as associates in accordance with IAS 28.13 in the financial statements of DIC Asset Group using the equity method (see appendix 2 of the Notes on p. 128).

DIC Asset AG holds 1.2% of DIC HI Portfolio GmbH and DIC Hamburg Portfolio GmbH and their respective subsidiaries directly, and 18.8% indirectly via DIC Opportunistic GmbH.

The division of DIC MainTor Winx GmbH (formerly DIC MainTor Südareal GmbH) resulted in DIC MainTor Patio, Panorama and Palazzi GmbH.

SUMMARY OF KEY ACCOUNTING AND VALUATION METHODS

Gross rental income and fees from real estate management

Rental income from operating lease agreements for investment properties is recorded on a straight line basis over the term of the lease agreements in the income statement in accordance with IAS 17.50 and shown under sales on the basis of its operational character. Both sales and income from property management are realised, after deducting any reductions in income, in line with the tenancies, if the payments are fixed by contract or can be reliably determined and settlement of the related claims is likely.

Income from the sale of real estate

The realisation of earnings from sale transactions (e.g. investment property) is strictly recognised at the time of the transfer of risk, that is, at the time of the transfer of possession, risk, rights and obligations, rather than at the time of entry into the land register, or when the service is provided, less discounts and rebates.

Investment property

Properties, which are held or developed to achieve rental income and/or for the purpose of adding value, are classified as investment properties. They are valued at cost including ancillary costs when they are added to the portfolio. The cost model in accordance with IAS 40.56 is used for subsequent valuations. Here, investment properties are valued in accordance with the provisions of IAS 16, i.e. at cost less scheduled and unscheduled depreciation as well as appreciation.

Where they can be assigned directly to the construction or acquisition of a qualifying asset, debt costs are capitalised over the period during which all work is essentially concluded in order to prepare the qualifying asset for its intended use or sale. Otherwise, debt costs are recorded directly under expenses. In financial year 2012, debt costs of TEUR 173 (2011: TEUR 302) were capitalised in connection with ongoing construction in the "Trio Offenbach" project. This equates to a rate of debt costs of 2.99% (2011: 3.08%).

Land is not depreciated. Buildings are depreciated on a straight-line basis over their useful lives as follows. They are tested for impairment annually and at other times if there are indications of any possible impairment.

The following useful lives are assumed when depreciating buildings:

In years	Useful life
Residential buildings	60
Office and commercial buildings, hotels	50
Department and retail stores, shopping arcades and centres	40
Parking facilities, underground parking facilities	40

The property of the company is treated as a financial investment, since property trading itself is not considered to be part of regular business activity. Due to the valuation at cost less depreciation, the fair value of investment properties is to be stated in the Notes (see paragraph 14). The valuation is carried out by independent experts and in accordance with international valuation standards (IVS). In particular, the fair value is established on the basis of discounted future income surpluses in accordance with the discounted cash flow method or, if available, on the basis of proposed sales contracts, comparative or market prices.

Intangible assets
Intangible assets with a limited useful life are recorded at cost less depreciation and amortised over their useful lives. They are tested for impairment if relevant events or changes in circumstances indicate that the book value is no longer achievable.

Business software is amortised over three to five years. The useful life of concessions and other rights is normally 10 years.

Plant and equipment
Property, plant and equipment are recorded at cost less depreciation. Debt costs are not recognised as part of costs in equity. Property, plant and equipment are depreciated on a straight-line basis. The useful life of property, plant and equipment is normally between three and 13 years.

Shares in associates
The Group's shares in an associate are accounted for using the equity method and initially recognised at cost. The carrying value of the investment will be adjusted to record changes in the Group's share of the associate's net assets since the date of acquisition.

The Group's share in an associate's profit is recorded in the income statement and represents the post tax profit.

Each balance sheet date, the Group checks whether there are indications that an impairment loss must be taken into account with regard to the investment in associates. In this case, the difference between the book value and the recoverable amount must be recognised as an impairment and allocated accordingly to net income from associates.

Receivables and other assets
Receivables and other assets, except for derivative financial instruments, are measured at cost less depreciation.

If there is any doubt as to whether receivables are recoverable, they are recognised at their lower realisable amount. In addition to any individual impairment charges that may be required, in the case of identifiable risks, lumped individual impairment charges are created from the general credit risk. In the case of trade receivables, it is assumed that the nominal amount less impairment charges corresponds to the fair value.

Impairments in receivables are partly taken into account using impairment accounts. The decision on whether a default risk is to be depicted via an impairment account or a direct reduction in the receivable depends on the reliability of the assessment of the risk situation.

Cash and cash equivalents
Cash and cash equivalents includes cash and cash at banks that is available within three months as well as term deposits that are available within three months.

Non-current assets held for sale
The Group classifies non-current assets as held for sale if the associated book value will be realised through a sale and not through continued use. The preconditions for classification are met, if it is highly probable that the sale will take place within twelve months of the balance sheet date and the management have agreed to the sale. They are valued at the lower of book or fair value less the costs of disposal or with the help of purchase price offers, if available. The debt attributable to them is reported separately from other debt in the balance sheet in accordance with IFRS 5.38.

Non-current assets held for sale are no longer subject to scheduled depreciation following classification in this group. Interest and expenses that may be added to the debts of this group are also recorded in accordance with IFRS 5.25.

Provisions
Provisions take into account all recognisable obligations as at the balance sheet date that are based on past events and for which the amount or final maturity is uncertain. Provisions are recognised only on the basis of a legal or constructive obligation to a third party, the fulfilment of which makes an outflow of resources probable, to the extent that a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the amounts required to clear the obligations and are not offset against reimbursement rights.

Share-based payments
Share price oriented compensation paid in the Group is reported in line with IFRS 2 "Share-based Payments". The "virtual share options" are share-based remuneration transactions with cash compensation, which are measured at fair value each balance sheet date. Remuneration expense accrues proportionally taking account of the services provided pro rata temporis during the waiting period and is recorded in the income statement until it becomes non-forfeitable.

This estimate is based on the Black-Scholes option pricing model.

Liabilities
Financial liabilities predominantly comprise the bond and liabilities to financial institutions, trade payables and derivative financial instruments with negative fair values.

With the exception of derivative financial instruments, liabilities are recognised at their repayment or fulfilment amounts or, applying the effective interest rate method, at cost less depreciation. When establishing the book value, the Group only takes account of transaction costs directly attributable to the acquisition or issue of financial instruments if the financial instruments are not recognised at fair value through profit or loss.

Liabilities are classified as current if they are due within twelve months of the balance sheet date.

Deferred taxes

Deferred taxes are recognised on temporary differences between valuations in the IFRS and tax balance sheets of the separate companies, on tax loss carryforwards and consolidation processes. In principle, the differences established are always recognised if they lead to deferred tax liabilities. Deferred tax assets are taken into account on tax loss carryforwards, in particular, if it is likely that the corresponding tax benefits can also be realised in subsequent years. If, however, as part of a transaction that does not constitute a business combination, deferred tax arises from the first-time recognition of an asset or liability, which had no impact on the balance sheet or the tax profit or loss at the time of the transaction, tax is not deferred either at the time the asset or liability is recognised for the first time or subsequently.

Deferred tax assets and liabilities are offset, if there is a corresponding enforceable legal right to set off or if the deferred tax assets and liabilities relate to income tax, which is levied by the same tax authority for either the same tax subject or different tax subjects, which intend to offset them on a net basis.

Deferred taxes are calculated on the basis of the tax rates that apply or that are expected to apply based on current legislation at the date on which they are realised. In principle, changes to deferred taxes in the balance sheet lead to deferred tax expense or income.

In financial year 2012, the corporate tax rate totalled 15% plus the solidarity surcharge of 5.5% of the corporate tax charge. This resulted in an actual corporate tax rate of 15.8%. Including trade tax of 16.1%, the total tax rate equalled 31.9%.

Current income taxes

Tax refund claims and tax liabilities for the current period are measured using the expected amount of a refund from the tax authorities or the expected amount of a payment to the tax authorities. The tax rates and tax laws applicable on the reporting date are used to calculate the amount.

Insofar as is evident, sufficient tax provisions have been set aside for potential tax liabilities. This process was based on a number of factors such as interpretations, commentaries and legal precedent relating to the tax legislation in question as well as past experience.

Derivative financial instruments

DIC Asset uses derivative financial instruments in the form of interest rate swaps and caps solely as part of its active hedging of interest rate risks.

Derivative financial instruments are shown as an asset or liability and measured at fair value. This is calculated by discounting anticipated future cash flows over the remaining term of the contract based on current yield curves. They are initially accounted for on their date of origin.

If the preconditions are met, they are reported as cash flow hedges. On conclusion of the transaction, the Group documents the hedging relationship between the hedging instrument and the underlying transaction, the aim of the risk management and the underlying strategy. In addition, the assessment of whether the derivatives used in the hedging relationship compensate the changes in fair value or the cash flows of the underlying transactions effectively is documented at the beginning of the hedging relationship and continuously thereafter. This means that changes to the fair value of the hedging transaction must fall within a range of 80% to 125% of the opposite change in the fair value of the underlying transaction both prospectively and retrospectively.

The effective part of changes in the market value of derivatives, which are destined to hedge payment streams of fixed obligations and constitute qualified hedges (IAS 39.88) are, in principle, under equity with no effect on income. On the other hand, the ineffective part of changes in value is recorded directly in the income statement. Amounts recorded in equity are reclassified and recognised as income or expenditure in the period in which the hedged underlying transaction affects earnings.

When a hedging instrument expires, is sold or the hedging transaction no longer fulfils the criteria for hedge accounting, the accumulated profit or loss remains in equity and is only recorded in the income statement when the underlying transaction occurs. If the future transaction is no longer expected to occur, the accumulated profits or losses, which were recorded directly in equity, are to be reclassified in the income statement immediately.

Movements in the reserve for cash flow hedges in equity are presented in the statement of comprehensive income.

Derivatives which do not satisfy the criteria for hedge-accounting were classified as Financial Assets Held for Trading (FAHfT) respectively as Financial Liabilities Held for Trading (FLHfT) in accordance with the IAS 39 valuation categories. Changes to fair values are recorded directly in the income statement here and recognised as profit or loss.

Leasing

Whether or not an agreement incorporates a leasing relationship is decided based on the economic content of the agreement at the time it was concluded. The decision requires an assessment of whether fulfilment of the contractual agreement depends on the use of a specific asset or specific assets and whether the agreement includes a right to make use of the asset. A reassessment after the leasing relationship has come into force can only be made under the preconditions stipulated in IFRIC 4.

Group as lessor

Leases where a material proportion of the opportunities and the risks of owning the leased property remain with the lessor are classified as operating leases (IAS 17.8). Initial direct costs, which arise during the negotiations and from the conclusion of an operating lease are added to the book value of the leased asset in accordance with IAS 17.52 and are recorded as expense equal to the rental income over the term of the lease. Conditional lease payments are recognised as income in the period in which they are generated.

Leases where the lessee bears the material risks and the opportunities arising from the leased property are classified as finance leases. The Group does not enter into this type of lease.

Group as lessee

Leased assets where not all the opportunities and risks associated with ownership are transferred to the lessee, e.g. vehicle leasing, are classified as operating leases. Lease payments for operating leases are recognised as expense on a straight-line basis over the term of the lease in accordance with IAS 17.33.

Currency conversion

The functional currency of all consolidated subsidiaries and joint ventures is the euro. Foreign-currency transactions are converted at the exchange rate applicable at the time of the transaction. Assets and liabilities linked monetarily to foreign currency are measured at the rate on the balance sheet date. The resultant exchange differences are reported in the income statement.

Balance sheet items expressed in foreign currencies are valued at the exchange rate on the balance sheet date. Foreign currency losses of TEUR - 48 (2011: TEUR - 199) are recorded in other operating expenses.

Earnings per share

The basic earnings per share are calculated by dividing the share of the profit for the period allotted to the shareholders of DIC Asset AG by the weighted average of the number of shares in circulation during the year. Shares newly issued or repurchased during a period are taken into consideration pro rata temporis for the period in which they are in circulation.

Assumptions underlying accounting estimates

To a certain degree, preparation of the consolidated financial statements requires discretionary decisions and estimates, which have an impact on the recognition, valuation and presentation of assets and liabilities, the income and expenses, as well as the contingent liabilities and contingent debts.

The principal areas affected by assumptions and estimates are as follows:

- the determination of the economic useful lives of assets held as fixed assets
- the calculation of discounted cash flows as well as the discounting and capitalisation interest rates used in impairment tests
- the calculation of the fair values and present values of minimum lease payments
- the reporting and valuation of provisions
- the realisability of receivables
- the future usability of tax loss carryforwards

All assumptions and the underlying estimates are constantly re-evaluated. They are based on past experiences and other factors including expectations with regard to future events.

In future periods, actual values may deviate from the assumptions and estimates made and lead to considerable adjustments to the book value of the assets and liabilities in question.

NOTES TO THE INCOME STATEMENT

1. Gross rental income

For details of the distribution of rental income, please see the segment reporting on page 102 seq.

The new acquisitions of real estate in 2012 led to an additional rental income of TEUR 1,775; rental income of TEUR 7,757 was generated in the financial year as a result of acquisitions in the previous year. The sale of properties in 2012 had only a slight impact on rental income with a rental disposal volume of TEUR 190, as the significant sale was not completed until 28 December 2012. The previous year's sales reduce rental income by TEUR 1,152.

Intensive letting activity led to large numbers of new tenancy agreements being concluded in the past financial year. Rental income of TEUR 2,833 pro rata temporis resulted from these leases in the financial year. The associated annualised rent is approximately TEUR 5,932 per year (2011: TEUR 5,334 per year).

2. Income and expense from operating and ancillary costs

Recognised costs include apportionable current expenses incurred by the group under § 1 of the German Operating Costs Ordinance (Betriebskostenverordnung) due to its ownership of the land or its use of the building, annexes, facilities, etc. in accordance with their intended purpose as well as the ancillary leasing costs to be borne by the tenants on the basis of contractual regulations. These are typically understood to refer to costs for water, electricity, power and property tax, for example, as well as the necessary maintenance and inspection costs.

The shortfall between income and expenses from operating and ancillary costs amounting to TEUR 2,436 (2011: TEUR 1,664) is mainly the result of costs that cannot be passed on in accordance with exemption clauses agreed in tenants' contracts.

With the exception of two properties, rental income was realised in the case of all investment property. Both of the properties account for directly attributable expenses of TEUR 256 (2011: TEUR 70).

3. Other property-related expenses

Other property-related expenses include property management costs that cannot be passed onto tenants as operating costs because they are already covered in the rent charged. These include, for instance, costs to rectify structural defects caused by wear to the buildings or ageing as well as administrative and ancillary costs resulting from vacant space.

4. Administrative expenses

Compared with the previous year administrative expenses are made up as follows:

in TEUR	2012	2011
Legal and consulting fees	1,699	1,737
Rental and ancillary costs	969	791
Accounting and administration fee	894	820
Marketing/Investor Relations	790	987
Automobile costs	727	633
Auditing costs	540	493
Ancillary financing costs	526	530
Insurance/contributions and taxes	385	476
Recruitment and other personnel costs	329	545
EDP costs	241	298
External services	210	58
Remuneration of Supervisory Board	205	204
Non-refundable VAT	397	242
Other	935	730
Total	8,847	8,544

In the financial year the company granted compensation of a total of EUR 204,562.84 to members of the Supervisory Board. Additional details, particularly disclosures pursuant to § 314 Para. 1 No. 6 Letter (a) HGB are provided in the remuneration report, which is an integral component of the management report, in the "Corporate Governance" section.

The following fees were incurred for the services supplied by the auditors of the financial statements Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Nuremberg, in financial years 2012 and 2011:

in TEUR	2012	2011
Audits of the financial statements	432	398
Other assurance services	75	75
Other services	0	20
Total	507	493

The fees for audits of the financial statements relate to the audit of the consolidated financial statements and the financial statements of DIC Asset AG and its affiliates prescribed by law.

The fees for other assurance services relate to the audit review of the interim financial statements in accordance with IFRS.

5. Personnel expenses

Personnel expenses include the wages and salaries of the staff of DIC Asset AG and DIC Onsite GmbH of TEUR 11,717 (2011: TEUR 9,546), plus the related social security taxes of TEUR 1,443 (TEUR 1,287), of which TEUR 705 (2011: TEUR 618) represents contributions to state pension funds.

Personnel expenses increased by TEUR 1,907 (19%) year-on-year to TEUR 12,123. This development is primarily attributable to the increase in the number of employees. The rise in value of the provision for "virtual shares", which is connected to the risen share price, has an increasing effect on expenses.

The average number of employees has risen from 121 employees at the end of 2011 to 138 employees at the end of 2012. On average over the year, 24 members of staff were employed at DIC Asset AG and 114 at DIC Onsite GmbH.

Details on the Management Board's remuneration pursuant to § 314 Para. 1 No. 6 Letter (a) Sentence 5 to 9 HGB are reproduced in the remuneration report, which is an integral component of the management report, in the "Corporate Governance" section.

6. Depreciation and amortisation

Depreciation and amortisation primarily affect recognised real estate and, to a lesser extent, office furniture and equipment and intangible fixed assets. Amortisation and depreciation rose by TEUR 3,906 (13%) from TEUR 29,616 to TEUR 33,522 compared with the previous year.

Due to a change in the tenant structure from office use to retail, adjustment of the depreciation and amortisation rates was necessary in one property in the commercial portfolio. This led to amortisation and depreciation amounting to TEUR 857 in the current year. Expansion of the portfolio due to acquisitions in 2011 and 2012 also contributed to the rise in amortisation and depreciation expenses.

7. Fees from real estate management

The income relates to asset and property management, leasing and disposition fees charged by DIC Asset AG and DIC Onsite GmbH to the following non-consolidated companies:

in TEUR	2012	2011
DIC Office Balance I	2,262	1,642
DIC HI Portfolio GmbH	1,450	1,428
DIC Hamburg Portfolio GmbH	443	336
Deutsche Immobilien Chancen Beteiligungs AG	318	640
DIC MSREF HMDD Portfolio GmbH	310	269
DIC MSREF FF Südwest Portfolio GmbH	311	242
DIC HighStreet Balance	250	0
DIC MSREF HT Portfolio GmbH	244	312
DIC LB Portfolio GmbH *	0	155
DIC MainTor GmbH	0	100
Customers of DIC ONSITE GmbH	107	88
DIC Zeil Portfolio GmbH *	0	47
Deutsche Immobilien Chancen Objekt Coburg GmbH	22	24
DIC EB Portfolio GmbH *	0	18
Deutsche Immobilien Chancen AG & Co. KGaA	8	9
Total	5,725	5,310

* proportionally consolidated until 30.09.2011

With the exception of DIC Onsite GmbH's external customers, transactions with related parties within the meaning of IAS 24.9 are involved.

8. Other operating income and expenses

Other operating income mainly includes income from the elimination of statute-barred liabilities of TEUR 329 (2011: TEUR 724) as well as income from non-monetary benefits of TEUR 341 (2011: TEUR 282), resulting from company car use.

In addition to out-of-period expenses of TEUR 163 (2011: TEUR 118), other operating expenses also include foreign currency losses amounting to TEUR 48 (2011: TEUR 199) resulting from the valuation as at the reporting date of two bank loans denominated in Swiss francs taken out in 2003 (nominal amount as at 31 December 2012 CHF 6,916,504.66).

9. Profit from disposal of investment property

Boosted by the positive performance of the transaction market and by strategic sales within the scope of portfolio adjustment, the Group has achieved profits from the sale of investment property amounting to TEUR 3,765 (2011: TEUR 1,682). This corresponds to a sales return of 5% (2011: 10%).

Selling costs of TEUR 3,171 (2011: TEUR 192) were offset against the proceeds of sales amounting to TEUR 78,829 (2011: TEUR 17,905). The increase compared with the previous year is the result of the higher volume of sales.

10. Share of the profit of associates

This item refers to the profit and loss to be assumed in accordance with the equity method of associated companies amounting to TEUR 1,7813 (2011: TEUR 2,617).

In 2012, net income from associates is dominated by the dividends from the two existing funds DIC Office Balance I and DIC HighStreet Balance. Nine property sales were also made, which generated total sales proceeds of TEUR 41,355 (2011: TEUR 37,103). DIC Asset AG's pro rata loss on sale amounted to TEUR -85 (2011: gain on sale of TEUR 245).

Please refer to the comments in the section on the principles underlying the consolidated financial statements for the adjustments to the previous year's figures in accordance with IAS 8.

11. Interest income and expenses

The expense from the amortisation of processing fees arising in connection with financial liabilities stood at TEUR 1,559 in the financial year (2011: TEUR 1,557).

An effective interest expense amounting to TEUR 4,776 (2011: TEUR 2,632) resulted from the corporate bond. The addition of interest to provisions resulted in expenses of TEUR 25 (2011: TEUR 0).

The financial result presented includes income of TEUR 78 (2011: expenses of TEUR 157) from the valuation of derivative financial instruments (interest-rate swaps and caps) at fair value and TEUR 0 (2011: TEUR 249) due to two ineffective swaps.

The terminated hedging relationship of two swaps resulted in a release directly comprised in the equity (OCI) amounting to TEUR 33 in the financial year. The market valuation of these swaps results in expenses and income amounting to TEUR -18 and TEUR +3.

12. Income taxes

in TEUR	2012	2011
Current taxes	-1,913	-2,082
Deferred taxes	-401	89
Income taxes	-2,314	-1,993

Current income taxes relate exclusively to taxable profits of consolidated subsidiaries and DIC Asset AG. Current tax expenses are composed primarily of corporate taxes including solidarity surcharge (TEUR 1,223) and trade taxes on earnings (TEUR 832).

The deferred taxes result from time differences between tax balance sheet values and IFRS balance sheet values and from existing income tax loss carryforwards.

In the Group, there are corporate tax loss carryforwards of EUR 72 million (2011: EUR 50 million) and trade tax loss carryforwards of EUR 62 million (2011: EUR 53 million). The losses can be carried forward indefinitely.

Assessment of the intrinsic value of deferred tax assets is based first and foremost on the management's assessment with regard to the realisation of the deferred tax assets. This depends on the generation of future taxable profits during the periods in which tax valuation differences are reversed and tax loss carryforwards can be claimed. DIC Asset assumes that, based on the plans for each portfolio, the future taxable income will be sufficient to be able in all likelihood to realise the deferred tax assets. The current assessment with regard to the intrinsic value of deferred tax assets may change, making higher or lower value adjustments necessary.

No deferred taxes were set aside on corporate tax loss carryforwards of around EUR 6 million (2011: EUR 12 million) or on trade tax loss carryforwards of around EUR 8 million (2011: EUR 22 million).

Deferred taxes are calculated on the basis of the tax rates that apply or are likely to apply at the date they are realised. The corporate tax rate of 15%, the solidarity surcharge of 5.5% and the company-specific trade income tax rates (normally 16.10%) are taken into account in calculating domestic deferred taxes.

Deferred tax expense and income compares with 2011 as follows:

in TEUR	2012	2011
Tax loss carryforwards	-113	+2,308
Real estate valuation	-250	-1,212
Derivative financial instruments	-4	+44
Capitalising "rent-free periods"	+67	-41
Capital transaction costs	0	-325
Issue of the bond	-110	-465
Other adjustments	+9	-220
Total	-401	+89

Deferred tax claims and liabilities can be classified into the following issues:

in TEUR	31.12.2012		31.12.2011	
	Assets	Liabilities	Assets	Liabilities
Loss carryforwards	11,722	0	11,835	0
Properties	1,830	10,641	1,461	10,000
Derivative financial instruments	11,665	0	11,121	0
Long-term interest-bearing debt	0	691	0	581
Other	0	317	24	404
Total	25,217	11,649	24,441	10,985

Deferred taxes on the items taken into account in other income amount to TEUR 600 (2011: TEUR 1,904). TEUR 544 (2011: TEUR 1,878) related to changes in the cash flow hedges of the Group and TEUR 56 (2011: TEUR 26) on those of associated companies.

No deferred taxes were recognised on temporary differences in connection with shares in subsidiaries (outside basis differences) totalling EUR 99.6 million (2011: EUR 82.0 million) or on temporary differences in connection with associated companies totalling EUR 11.1 million (2011: EUR 11.5 million). No recognition was performed in either case because it is unlikely that these temporary differences will be reversed in the foreseeable future.

Please refer to the comments in the section on the principles underlying the consolidated financial statements for the adjustments to the previous year's figures in accordance with IAS 8.

The difference between anticipated tax expense and actual tax expense can be reconciled as follows:

in TEUR	2012	2011
Pre-tax Group results	14,144	12,605
Applicable statutory tax rate (in %)	31.925%	31.925%
Expected tax expense	4,515	4,024
Increase or decrease in the tax liability through:		
Trade tax reduction and differing tax rates	-3,217	-4,375
Tax-free income	-123	-413
Non-deductible expenses	1,764	1,966
Effects from associated companies	199	-76
Impact of unrecognised tax losses	-869	1,160
Taxes for previous periods	19	-241
Other effects	26	-52
Actual total tax expense	2,314	1,993

The expected tax rate to be applied was determined on the basis of the tax rates that applied in Germany in 2012 and 2011 with an underlying tax rate of 31.925%. This is calculated from a nominal corporate tax rate incl. solidarity surcharge of 15.825% and a nominal trade tax rate of 16.10%. The trade tax rate is based on an assessment rate of the City of Frankfurt am Main of 460%.

13. Earnings per share, Net Asset Value (NAV) and NAV per share

The undiluted earnings per share amount to EUR 0.26 per share (2011: EUR 0.24 per share). The calculation was made on the basis of the income component allocated to Group shareholders amounting to EUR 11,690,498.09 (2011: EUR 10,509,955.70) and the average number of shares in circulation during the year of 45,718,747 shares (2011: 44,278,787 shares).

Please refer to the comments in the section on the principles underlying the consolidated financial statements for the adjustments to earnings per share resulting from the finding of an error by the German Financial Reporting Enforcement Panel (DPR).

For 2012, the Management Board will propose a dividend in the amount of TEUR 16,002 (EUR 0.35 per share). The dividend in the amount of TEUR 8,281 will be subject to capital gains tax This is expected to come to TEUR 2,184. These dividends will not be recorded as a liability in accordance with IAS 10 in these consolidated financial statements.

In accordance with the recommendation of the European Public Real Estate Association (EPRA), the net asset value (NAV) is calculated as at 31 December 2012 and 31 December 2011 as follows:

in TEUR	31.12.2012	31.12.2011
Book value of the real estate	1,847,372	1,902,129
Real estate in accordance with IFRS 5	35,307	2,300
Value difference at fair value	-3,736	-11,401
Market value of the real estate *	1,878,943	1,893,028
Carrying value Co-Investments	75,730	66,462
Value difference at fair value	6,044	2,746
Market value of the interests	81,774	69,208
+/- other assets/liabilities	216,164	239,948
Net credit liabilities at book value	-1,462,628	-1,519,677
Net credit liabilities IFRS 5	-27,300	-2,231
Minority interests	-1,556	-1,497
NAV	685,396	678,779
Deferred taxes on the difference between fair value/book value	-8,699	-7,169
NNAV	676,698	671,610
Fair value of derivatives	-73,645	-70,254
Difference in value as compared to fair value of net credit liabilities	-2,708	-1,677
NNNAV	600,345	599,679
NAV per share	14.99	14.85
NNAV per share	14.80	14.69
NNNAV per share	13.13	13.12

* incl. minority interest

NOTES TO THE BALANCE SHEET

14. Investment property

in TEUR	2012	2011
Cost		
As at 1 January	2,032,288	1,820,238
Additions resulting from acquisitions	62,564	214,988
Additions from investment in expansion	21,638	16,885
Classification as "held for sale"	38,446	2,632
Disposals	70,379	17,191
As at 31 December	2,007,665	2,032,288
Depreciation		
As at 1 January	130,159	102,023
Additions	32,514	29,515
Classification as "held for sale"	759	332
Disposals	3,139	1,047
As at 31 December	160,293	130,159
Book value 1 January	1,902,129	1,718,215
Book value 31 December	1,847,372	1,902,129
Fair value	1,878,943	1,893,028
Difference in value	-3,736	-11,401

The fair values calculated are based entirely on the findings of the independent valuer contracted for this purpose, Cushman & Wakefield, who have undertaken a valuation in accordance with internationally recognised standards. The calculation of market values is based on a calculation of their present values (discounted cash flow method). A cash flow period of ten years is generally taken, at the end of which the property is assumed to be sold. The discounting rate recognised for the valuation comprises a risk-free rate, which can be derived from the average current yield on long-term, fixed income federal bonds and a property-specific risk premium, which reflects the restricted fungibility of real estate investments in relation to more fungible forms of investment such as equities or bonds. The recognised average current yield for the last ten years (2003 to 2012) was 3.40% (2011: 3.70%). The property-specific risk premium was between 1.60% and 3.60% (2011: between 1.30% and 3.30%). The average discounting rate was identical to the previous year, at 6.25% to 6.50%.

The interest rate recognised for the capitalisation of final value corresponds to the interest rate observed in the current real estate capital market plus a property-specific risk premium. The recognised capitalisation rates vary between 5.25% and 9.00% depending on the quality, location and structure of the properties.

When carrying out impairment tests on investment properties in accordance with IAS 36, the book values of the properties, except investment properties classified as "held for sale", are compared with the values in use of the properties deduced from market values. The comparison takes place on the basis of gross market values, i.e. excluding transactions costs which may accrue in the event of the properties actually being sold. In addition, parameters specific to the company were used when calculating comparative values. These parameters take account of the value in use of the properties within corporate use. In this respect, the important factors are, in particular, the retention of the property in the Group, the resultant anticipated cash flows and the reduction in management costs compared with the standard valuation because of our in-house asset management. An objective asset-specific capitalisation rate is also calculated in accordance with the criteria of IAS 36 A17.

In addition to the sensitivity analysis for the fair values already presented in the risk and opportunities report (page 62 in the management report), we have carried out a sensitivity calculation for the values in use of the properties to be able to assess the implications of potential fluctuations in interest rates more accurately. This produced the following result:

Change in the value of use of properties

Scenarios: changes of discounting rate \ Scenarios: changes of capitalisation rate	+0,25%	0%	-0,25%
+0.25%	-90.4 EUR million	-45.8 EUR million	+3.2 EUR million
0%	-45.6 EUR million	+/-0,0	+50.8 EUR million
-0.25%	+0.7 EUR million	+47.8 EUR million	+100.1 EUR million

If the capitalisation and discounting interest rates should increase by 25 basis points due to the macroeconomic or company situation, the fair value in use would fall by EUR 90.4 million, not requiring the Group to make any writedowns. If the interest rates fall by the same amount, the value in use would rise by EUR 100.1 million.

The acquisition costs to 31 December 2012, included interest on debt capital of TEUR 475 (2011: TEUR 2,801).

There are no restrictions on the disposal of investment property in the Group and no contractual obligations to buy, construct or develop investment property.

In the financial year, the last section (EUR 0.6 million) of an investment commitment totalling EUR 3.2 million entered into in 2009 was settled. Current contractual agreements will result in financial obligations to our tenants of EUR 3.8 million for 2013. There was a similar level of obligations in the previous year.

15. Plant and equipment

in TEUR	2012	2011
Cost		
As at 1 January	1,249	1,064
Additions	86	185
Disposals	0	0
As at 31 December	1,335	1,249
Depreciation		
As at 1 January	711	545
Additions	134	166
Disposals	0	0
As at 31 December	845	711
Book value 1 January	538	519
Book value 31 December	490	538

16. Shares in associates

in TEUR	31.12.2012		31.12.2011		31.12.2010	
Interest in:	Share of voting rights	Book value	Share of voting rights	Book value	Share of voting rights	Book value
DIC Office Balance I (fund)	14.0%	37,660	14.0%	30,580	17.0%	23,815
DIC HighStreet Balance (fund)	17.0%	3,149	0%	0	0%	0
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	40.0%	22,187	40.0%	21,702	40.0%	21,547
DIC MSREF HT Portfolio GmbH	20.0%	4,522	20.0%	4,111	20.0%	3,573
DIC MSREF FF Südwest Portfolio GmbH	20.0%	4,405	20.0%	3,958	20.0%	4,263
DIC MSREF HMDD Portfolio GmbH	20.0%	3,729	20.0%	3,518	20.0%	3,202
DIC MainTor III GmbH	40.0%	68	40.0%	1,275	40.0%	2,590
Deutsch Immobilien Chancen Real Estate GmbH	20.0%	10	0%	0	0%	0
DIC Opportunistic GmbH	20.0%	0	20.0%	1,253	20.0%	1,818
DIC Development GmbH	20.0%	0	20.0%	61	20.0%	63
DIC MainTor Verwaltungs GmbH	40.0%	0	40.0%	4	40.0%	5
DIC GMG GmbH	20.0%	0	20.0%	0	20.0%	2
PRO DIC GmbH					50.0%	113
		75,730		66,462		60,991

Please refer to the comments in the section on the principles underlying the consolidated financial statements for the adjustments of previous year's figures in accordance with IAS 8.

DIC Asset AG has a 20% stake in the capital of the DIC Office Balance I and DIC HighStreet Balance special funds and appoints the chairman of their investment committees, who is one of seven or six members respectively with voting rights. The Group also provides asset and property management services.

The share of Group profit and loss in associates, none of which are listed, and the share of their assets and debt are as follows:

in TEUR	2012	2011
Assets	1,619,301	1,574,368
Debt	1,296,289	1,281,536
Net assets	323,012	292,832
Income	102,208	87,372
Expenses	91,350	78,118
Annual profit	10,858	9,254

17. Borrowings to associates

In a loan agreement of 29 June 2012 DIC Asset AG granted DIC Hamburg Portfolio GmbH a loan of TEUR 11,000. The loan term runs until 31 December 2015 with an interest rate of 7.25%. This loan replaces a loan granted in 2008 that was originally due on 31 December 2012.

18. Derivatives

At the balance sheet date, the following derivative financial instruments were held:

in TEUR	31.12.2012		31.12.2011	
	Nominal volume	Fair value	Nominal volume	Fair value
Assets				
Interest-rate hedge agreements (caps)	20,000	0	20,000	62
Liabilities				
Interest-rate hedge agreements (swaps)	977,466	73,654	1,065,155	70,254

In principle, contracts for derivative financial instruments and financial transactions are only concluded with major banks to keep credit risks as low as possible.

As at 31 December 2012, negative market values of TEUR 60,769 (2011: TEUR 58,806) after the deduction of deferred taxes were deferred in equity. The interest-rate hedge agreements have remaining terms of between three months and eight years.

in TEUR	2012		2011	
	Nominal value	Fair value	Nominal value	Fair value
Term <= 1 year	55,900	583	146,500	3,988
Term > 1 year	921,566	73,071	918,655	66,266

In financial year 2012, there were interest rate hedge agreements in the form of swaps, caps and collars to secure future variable cash flows from interest payments at the joint ventures in which DIC Asset AG has direct and indirect holdings of 20% or 40%. The hedged pro rata volumes and fair values from the point of view of DIC Asset are as follows:

in TEUR	2012		2011	
	Nominal value	Fair value	Nominal value	Fair value
Swaps	100,323	-2,367	122,456	-2,010
Caps	20,260	0	21,811	12
Collars	20,260	-222	10,311	-93

The property companies pay fixed interest rates of between 0.79% and 4.00%, or interest at the 3-month Euribor. The expenses and revenues arising from the hedging of future cash flows are recorded under equity with no effect on income in as much as they relate to actual hedging relationships. DIC Asset AG has a share worth TEUR -1,992 (2011: TEUR -1,692) after deducting deferred taxes in Group equity in the hedging reserve in accordance with IAS 28.39.

19. Intangible assets

in TEUR	2012	2011
Cost		
As at 1 January	591	588
Additions	148	3
Disposals	0	0
As at 31 December	739	591
Amortisation		
As at 1 January	439	333
Additions	115	106
Disposals	0	0
As at 31 December	554	439
Book value 1 January	152	255
Book value 31 December	185	152

20. Trade receivables

These are primarily receivables from operating and ancillary costs. All receivables are due within a year.

In financial year 2012, impairment charges were applied to trade receivables of TEUR 934 (2011: TEUR 1,623).

There have been the following changes to impairment charges for receivables:

in TEUR	2012	2011
As at 1 January	1,623	1,210
Additions	158	699
Use	96	160
Release	751	126
As at 31 December	934	1,623

Receivables amounting to TEUR 1,237 (2011: TEUR 1,259) were written down in the financial year. As at the balance sheet date, there were no further overdue receivables that were not subject to impairment charges.

21. Receivables from/liabilities to related parties

The receivables result predominantly from the granting of loans. An average interest rate of 4.5% to 9.25% p.a. applies to the loans. Relations with related persons and companies are described in detail under item "Legal transactions with related parties".

The value shown in the balance sheet relates to:

in TEUR		31.12.2012		31.12.2011	
	IAS 24.9	Receivables	Liabilities	Receivables	Liabilities
DIC Opportunistic GmbH	b (ii)	**32,501**	**0**	30,447	0
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	**24,034**	**0**	22,720	0
DIC HI Portfolio GmbH	b (ii)	**23,743**	**0**	21,130	0
DIC MainTor GmbH	b (ii)	**27,204**	**0**	20,190	0
DIC MainTor Zweite Beteiligungs KG	b (ii)	**15,845**	**0**	14,754	0
DIC Hamburg Portfolio GmbH	b (ii)	**5,091**	**0**	11,743	0
DIC MSREF HMDD Portfolio GmbH	b (ii)	**2,579**	**0**	1,594	0
DIC MainTor III GmbH	b (ii)	**0**	**567**	1,418	338
DIC MSREF HT Portfolio GmbH	b (ii)	**495**	**0**	1,260	0
Deutsche Immobilien Chancen Beteiligungs AG	b (ii)	**1,121**	**0**	1,055	0
DIC MSREF FF Südwest GmbH	b (ii)	**1,617**	**0**	938	0
DIC Office Balance I (fund)	b (ii)	**929**	**0**	741	0
DIC HighStreet Balance (fund)	b (ii)	**16**	**0**	0	0
DIC Services GmbH & Co. KG	b (ii)	**0**	**127**	0	9
Other	b (ii)	**79**	**0**	68	0
Total		**135,254**	**694**	128,058	347

22. Receivables from income taxes

The figure reported relates to imputable taxes and corporate tax reclaims.

23. Other receivables

in TEUR	2012	2011
Deposits	**2,450**	2,017
"Rent-free period" receivables	**1,122**	1,807
Value added tax	**778**	486
Creditors with debit balances	**191**	27
Receivables from insurance payment:	**91**	0
Other	**384**	53
	5,016	4,390

24. Other assets

In addition to the ring-fenced funds of TEUR 5,500 (2011: TEUR 3,500) deposited with DZ Bank to service liabilities from derivative financial instruments, this item takes into account prepaid ground rents of TEUR 1,283 (2011: TEUR 1,297) and other prepaid costs, such as insurance premiums.

25. Credit balances with banks and cash on hand

The cash is available for use by the company.

26. Non-current assets held for sale

The properties for sale reported in the 2012 financial year are four properties from our commercial portfolio, East, South and West region, which are earmarked for sale as part of asset deals whose transfer of title and the benefits and obligations associated therewith is planned for 2013. There are only a few measures still required to complete the sale, so it is unlikely that the transfer of the properties will not go ahead.

The financing liabilities associated with non-current assetss held for sale amount to TEUR 27,300. They will be due for repayment as soon as the purchase price payment has taken place and consequently the transfer of title and the benefits and obligations associated therewith.

Profits of the previous year in connection with non-current assets held for sale amounted to TEUR 103 (2011: TEUR 0) in 2012.

27. Equity

a. Subscribed capital

The subscribed capital of the parent company DIC Asset amounts to TEUR 45,719 and 45,718,747 bearer shares in the form of no-par shares, each of which represents an interest in the capital stock of EUR 1.00 are issued as at the balance sheet date. There are no other classes of shares. The same rights apply to all shares. Each share gives entitlement to one vote at the General Shareholders' Meeting.

b. Authorised capital

With the resolution of the Ordinary General Shareholders' Meeting of 5 July 2011, the Management Board was authorised, with the Supervisory Board's approval, to increase the share capital of the company by 4 July 2016 by one or more issues of new individual bearer shares for cash and/or contributions in kind by up to a total of EUR 22,859,000.00 (authorised capital).

Shareholders are to be granted subscription rights here. The shares can be accepted by one or more financial institutions specified by the Management Board or companies within the meaning of § 186 para. 5 sentence 1 AktG, subject to the obligation that they offer them to the shareholders for subscription (indirect subscription right). The Management Board is, however, authorised to exclude shareholders' subscription rights with the approval of the Supervisory Board,

(i) to remove fractional amounts from the shareholders' subscription right;

(ii) if the new shares are issued against cash contributions and the issue price of the new shares is not significantly lower than the market price of the shares already listed that enjoy essentially the same terms. The number of shares sold in this way, combined with the number of other shares that have been issued or sold with subscription rights excluded in direct or indirect application of § 186 para. 3 sentence 4 AktG, and the number of shares that can be created through the exercise of option and/or conversion rights or the fulfilment of conversion obligations arising from bonds with warrants and/or convertible bonds that have been issued during the life of this authorisation with subscription rights excluded in accordance with § 186 para. 3 sentence 4 AktG does not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time when it is exercised;

(iii) if the capital increase is carried out against contributions in kind, in particular, for the purpose of the acquisition of companies, parts of companies, interests in companies or other assets associated with the purpose of the acquisition or within the scope of business combinations; The number of shares issued in this manner may not exceed 20% of the share capital, neither at the time this authorisation becomes effective nor at the time when it is exercised;

(iv) if it is necessary in order to grant holders or creditors of options and/or convertible bonds with option and/or conversion rights or conversion obligations which have been or are still to be issued by the company or group companies in which the company holds a 100% stake, either directly or indirectly, a subscription right on new shares to the extent that they would be entitled to after exercising the option or conversion rights or after fulfilment of conversion obligations as a shareholder.

The Management Board has not made use of the authorisation described above.

c. Contingent capital

By virtue of the resolution of the General Shareholders' Meeting of 5 July 2010, the Management Board is authorised to grant, with the approval of the Supervisory Board, bearer bonds with warrants or convertible bonds (together, "bonds") on one or more occasions up to 4 July 2015 in a total nominal amount of up to EUR 300,000,000.00 and to grant conversion or option rights to holders of bonds (including with a conversion obligation) on bearer shares in the company representing a proportionate amount of the share capital of up to EUR 19,590,000.00 in total subject to the precise terms of the option or convertible bond conditions (together also "bond conditions"). The bonds can only be issued against cash payment. As a basic principle, the shareholders have a subscription right, i.e. the convertible bonds and bonds with warrants are in principle to be offered to the company's shareholders for subscription. The bonds can also be accepted by one or more financial institutions or companies within the meaning of § 186 para. 5 sentence 1 AktG, subject to the obligation that they offer them to the shareholders for subscription (indirect subscription right). If bonds are issued by a Group company, the company will ensure that the company's shareholders are granted subscription rights accordingly.

The Management Board is, however, authorised, with the Supervisory Board's approval, not to grant shareholders the right to subscribe to the bonds,

(i) for fractional amounts arising from the subscription ratio;

(ii) insofar as the Management Board, having undertaken a proper examination, concludes that the issue price is not significantly lower than the theoretical market value of the bonds calculated using recognised methods of financial mathematics. This authorisation to exclude a subscription right does not, however, apply to bonds with a conversion or option right (including with a conversion obligation) to shares to which is attributed at most a proportional amount of 10% in total of the existing share capital at the time of its entry into force or at the time of the exercising of this authorisation, whichever is lower. This upper limit of 10% of share capital must include the proportionate amount of share capital attributed to shares, which were issued during the life of this authorisation within the scope of a capital increase under the exclusion of subscription rights as per § 186 para. 3 sentence 4 AktG or which were sold as acquired treasury shares during the life of this authorisation in a manner other than via a stock exchange or via an offer to all shareholders with the application mutatis mutandis of § 186 para. 3 Sentence 4 AktG;

(iii) if it is necessary in order to grant holders or creditors of bonds with warrants and convertible bonds with option and/or conversion rights or conversion obligations which have been or are still to be issued by the company or group companies in which the company holds a direct or indirect 100% stake a subscription right to bonds to the extent that they would be entitled to as a shareholder after exercising the option or conversion rights or after fulfilment of conversion obligations.

In the case of the issue of warrant bonds, each individual bond will have one or more option certificates which entitle the holder to obtain bearer shares of the company in accordance with the terms and conditions of the option to be determined by the Management Board. The term of the option right cannot exceed the term of the warrant bond. There may also be a provision that fractions can be combined and/or settled in cash. In the case of the issue of bonds with warrants, holders are entitled to exchange their individual bonds for bearer shares in the company subject to the precise terms of the convertible bond conditions to be defined by the Management Board. The conversion ratio is calculated by dividing the nominal amount or the issue amount of an individual bond, whichever is lower, by the fixed conversion price for a bearer share in the company, and can be rounded up or down to the nearest whole number; furthermore, an additional cash payment may also be determined. There may also be a provision that fractions can be combined and/or settled in cash. § 9 para. 1 AktG and § 199 AktG shall remain unaffected.

The convertible bond conditions may also provide for a conversion obligation at the end of the term (or earlier). The proportional amount of the share capital of the ordinary shares in the company to be issued for individual bonds may not exceed the nominal amount of the individual bond. § 9 para. 1 AktG and § 199 AktG shall remain unaffected. The conditions of the convertible bond or bond with warrants may grant the company the right to grant new shares or treasury shares in the company to the bond creditors instead of some or all of the payment of a sum due. Furthermore, the conversion or warrant bond conditions can determine in each case that, in the case of conversion or exercising of an option, treasury shares in the company can also be granted. Moreover, it can be stipulated that the company does not grant shares in the company to the parties entitled to a conversion or an option but pays the equivalent value in cash of the shares which would otherwise have been delivered.

Further details are contained in the authorising resolution.
To service conversion or option rights or conversion or option obligations as part of bonds issued by authorisation of the General Shareholders' Meeting of 5 July 2010 until 4 July 2015, the company's share capital was conditionally increased by up to EUR 19,590,000.00 by the issue of up to 19,590,000 individual bearer shares (contingent capital 2010).

The Management Board has not made use of the authorisation described above to issue convertible and/or bonds with warrants.

d. The Management Board's powers to issue and redeem shares

The powers of the company's Management Board to issue and redeem shares are all based on resolutions to that effect by the General Shareholders' Meeting, the essential content of which is shown below.

▷ Authority to acquire treasury shares
By virtue of the resolution of the ordinary General Shareholders' Meeting on 5 July 2011, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire treasury shares up to a total of 10% of the company's share capital at the date of the resolution or – if this figure is lower – at the date the authorisation is exercised. At no time may the acquired shares together with other treasury shares in the possession of the company or allocated to it under §§ 71 a seqq. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading in treasury shares. The authorisation may be exercised as a whole or in instalments, once or more than once, for one or more purposes, by the company or by companies dependent on or majority-owned by it, or by third parties acting on their behalf or on behalf of the company.

At the Management Board's discretion, and with the prior consent of the Supervisory Board, shares may be acquired through the stock exchange or through a public offering directed to all shareholders or a public invitation to all shareholders to submit offers for sale.

The volume of the public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell can be restricted. Insofar as the volume of the offered shares exceeds the planned repurchase volume in the case of a public offering or a public invitation to submit offers to sell, the acquisition can take place proportionate to the shares subscribed to or offered in each case; to this extent, the shareholders' right to offer their shares proportionate to the percentage of shares that they hold is excluded. A preferential acceptance of smaller numbers up to 100 offered shares per shareholder can be stipulated, as can a rounding on the grounds of sound business practice to avoid arithmetic fractions of shares. To this extent, any further right of the shareholders to offer shares is excluded. The public offering directed to all shareholders or the public invitation to all shareholders to submit offers for sale may stipulate further conditions.

The Management Board is authorised, with the prior consent of the Supervisory Board, to use the treasury shares acquired on the basis of this authorisation for any legal purpose, in particular the following: (i) The shares may be withdrawn without a further resolution by the General Shareholders' Meeting being required for the withdrawal or its execution. They may also be withdrawn by the simplified procedure without capital reduction by adjusting the pro rata mathematical amount of the remaining shares in the company's share capital. If they are withdrawn by the simplified procedure, the Management Board is authorised to amend the number of shares in the Articles of Incorporation. (ii) The shares may also be disposed of in a way other than through the stock exchange or by an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the market price of the already listed shares that enjoy essentially the same terms. The number of shares sold in this way together with the number of other shares that were sold during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 para. 3 sentence 4 AktG or issued from authorised capital, and the number of shares that can be created through the exercise of option and/or conversion rights or the fulfilment of conversion obligations arising from warrant bonds and/or convertible bonds issued during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 para. 3 sentence 4 AktG does not exceed 10% of share capital, neither at the time this authorisation becomes effective nor at the time when it is exercised; (iii) The shares can be sold against contributions in kind, in particular for the purpose of the acquisition of companies, parts of companies, interests in companies or other assets associated with the purpose of the acquisition or within the scope of business combinations. (iv) The shares may be used to exercise conversion and/or subscription rights, which arise on the basis of the exercising of conversion and/or option rights or the fulfilment of conversion obligations from or in connection with convertible and/or warrant bonds, which were issued by the company or its group companies in which DIC Asset AG has a 100% stake.

Further details are contained in the authorising resolution.

As at 31 December 2012, the company holds no treasury shares. It has not made use of the authorisation described above.

e. Capital reserves

The capital reserves amount to EUR 614,312 (2011: TEUR 614,312). It contains the premium from the issue of shares.

f. Hedging reserve

The reserve contains the effects of hedge accounting, which have no impact on results.

At the balance sheet date, cash flow hedge agreements of fully consolidated companies resulted, after the deduction of deferred taxes of TEUR 11,656 (2011: TEUR 11,056) in unrealised losses of TEUR 60,769 (2011: TEUR 58,806), while associates' cash flow hedge agreements resulted, after the deduction of deferred taxes of TEUR 375 (2011: TEUR 318) in unrealised losses of TEUR 1,992 (2011: TEUR 1,692) (cf. 18. Derivatives). The change is primarily the result of fluctuations in the interest rate level.

g. Retained earnings

The reconciliation of the Group profit for the period with retained earnings is shown in the following table:

in TEUR	31.12.2012	31.12.2011	01.01.2011
Profit for the period	11,830	10,602	16,465
Correction in accordance with IAS 8.41	0	10	-2,941
Profit/loss carryforwards	19,808	25,302	23,620
Dividend payouts	-16,002	-16,002	-11,757
Profit attributable to minority interests	-140	-105	-85
Consolidated retained earnings	**15,496**	19,808	24,532

The dividend payouts comprised EUR 0.35 per share for the financial years 2011 and 2010.

28. Interest-bearing debt

The fair values of the financial debt are shown in the higher table on page 99.

The fair value of fixed-rate debt is based on discounted cash flows calculated on the basis of interest rates from the yield curve of 31 December 2012. When calculating the fair value, the current market trend was also taken into account in accordance with IAS 39 AG78, meaning that the margin on financial instruments has increased to 1.60% (2011: 1.25% to 1.50%). The book values of variable-rate debt are roughly equivalent to their fair values.

The maturities of variable-rate and fixed rate-debt are shown in the lower table on page 99.

Interest rates on the variable-rate debt were adjusted regularly. Interest-rate adjustment dates are based on the 1-month or 3-month Euribor plus an average margin of 1.05% (2011: 1.01 %). Fixed-rate debt carries an average interest rate of about 4.35% (2011: 4.59%).

In the financial year, DIC Asset AG was able to extend a corporate bond issued with a coupon of 5.875% in May 2011. The nominal volume rose by EUR 16.9 million to EUR 86.9 million by 31 December 2012. At the balance sheet date, the bond price was 98.75%.

With the exception of our corporate bond, interest-bearing debt was secured entirely through charges over property (TEUR 85,195; 2011: TEUR 68,589) in the year under review. The loan from Provinzial Rheinland Lebensversicherung AG, which was secured in the previous year through rights and claims from holdings in the share capital and common stock of the property companies of the Zeil portfolio, was repaid as part of the sale of DIC Frankfurt Objekt Zeil GmbH.

Fair value of long-term and short-term financial debt

in TEUR	31.12.2012		31.12.2011	
	Book value	Fair value	Book value	Fair value
Long-term (> 1 year) interest-bearing debt				
Variable-rate debt	218,232	218,232	234,959	234,959
Fixed-rate debt	1,096,856	1,101,979	1,089,795	1,094,466
	1,315,088	1,320,211	1,324,754	1,329,425
Short-term (< 1 year) interest-bearing debt				
Variable-rate debt	47,669	47,669	59,218	59,218
Fixed-rate debt	99,871	96,868	135,705	138,872
	147,540	144,537	194,923	198,090
	1,462,628	1,464,748	1,519,677	1,527,515

Maturities of long-term and short-term financial debt

in TEUR	31.12.2012			31.12.2011		
	Total variable-rate debt	Total fixed-rate debt	Weighted interest rate in % (fixed-rate debt)	Total variable-rate debt	Total fixed-rate debt	Weighted interest rate in % (fixed-rate debt)
< 1 year	47,669	99,871	4.06%	59,218	135,705	5.36%
1 - 5 years	170,001	950,602	4.38%	194,005	938,425	4.70%
> 5 years	48,231	146,254	4.39%	40,954	151,370	3.99%
	265,901	1,196,727		294,177	1,225,500	

29. Trade payables

The trade payables amounting to TEUR 2,671 (2011: TEUR 5,323) resulted from deferred ancillary costs (TEUR 1,523; 2011: TEUR 2,329) and from the use of services. They are due within a year.

30. Provisions

In connection with the acquisition of the office property in Zeppelinheim, a debtor warrant was agreed with the seller. This is subject to the condition that the corresponding tenancy agreements for the existing vacant space will be concluded by the seller within the next two years starting from the transfer of title, benefits and obligations. The provision is calculated on the basis of the expected rent. The provision amounts to TEUR 862.

As part of the sale of the Zeil property, Frankfurt, a two-year tenancy guarantee and a cost contribution to expansion on vacant space were agreed with the purchaser. The calculations are based on achievable market rents plus ancillary costs, together with an assessment of letting opportunities and expansion costs per square metre regulated in the purchase agreement. The provision amounts to TEUR 779.

The company has individual legal disputes with former and current shareholders of DIC Asset AG that are connected with actions for rescission and similar actions by individual minority shareholders.

A provision in the amount of TEUR 11 (2011: TEUR 33) has been made for costs of legal disputes. TEUR 22 was released and recognised as again in the financial year.

31. Income taxes payable

in TEUR	31.12.2012	31.12.2011
Trade tax	1,136	917
Corporate tax	664	892
Capital gains tax	186	277
	1,986	2,086

32. Other liabilities

in TEUR	31.12.2012	31.12.2011
Outstanding invoices	3,005	1,828
Deposits	2,415	2,264
Bonusses	1,774	1,491
Purchase price retentions in property purchases	1,127	611
Security deposit	985	585
Value added tax	927	1,310
Advance rent payments received	578	1,888
Auditing costs	465	435
Share-based payments	334	292
Holiday pay	247	245
Supervisory Board remuneration	204	237
Tax consultancy costs	180	172
Other	1,375	998
	13,616	12,356

The outstanding invoices include, among other things, the surveyors' fees for the annual real estate valuations, for consultancy work and other services.

The Group has agreed performance-related compensation agreements with the Members of the Management Board in the form of a share-price-oriented compensation model. At the end of 2012, both Members of the Management Board hold options on 220,000 so-called virtual shares of the company, of which 150,000 were newly granted in 2012. These options may not be exercised by Members of the Management Board until they have been on the board of DIC Asset AG for three or four years. As at 31 December 2012, the company estimates the fair value per option at EUR 4.31 or EUR 4.34 for Mr. Höller and EUR 2.27 or EUR 2.46 for Mr. Koch. The value of the newly granted options amounts to TEUR 60. The valuation is based on the Black-Scholes option pricing model.

The critical parameters for this valuation model are the share price on the balance sheet date of EUR 7.31, the exercise price of EUR 2.90 for Mr. Höller and EUR 6.00 for Mr. Koch, the standard deviation from the expected share price return of 33.06% and the annual term-dependent risk-free interest rate of 0.41% and 0.57%. Volatility as measured by the standard deviation from the expected share price returns is based on statistical analyses of the daily share price over the last two years.

Mr Höller exercised his rights when the preconditions for his "virtual share options" from 2008 were reached. The total of 85,000 "virtual shares" were measured at the average price over the past 10 trading days (Xetra closing price) on the date the options were exercised, to the amount of EUR 7.64. This resulted in a total cash settlement of TEUR 402.5.

Due to the rise in share price in comparison with the previous year, TEUR 43 was credited to expenses. This represents a transaction with a related party within the meaning of IAS 24.17e. Additional details, particularly disclosures pursuant to § 314 Para. 1 No. 6 Letter a Sentences 5 to 9 HGB (German Commercial Code), are provided in the Remuneration Report, which forms an integral part of the summarised Management Report.

Liabilities arising from Supervisory Board compensation are liabilities to members of the Supervisory Board. They are recognised as liabilities to related parties within the meaning of IAS 24.9. The breakdown of the remuneration in accordance with IAS 24.9 criteria is given in the section "Legal transactions with related parties" on page 100. For information on individual Members, see the details on Supervisory Board compensation in the Remuneration Report.

33. Additional notes on financial instruments

Due to the short terms of cash and cash equivalents, trade payables and receivables and other current receivables and liabilities, it is assumed that the fair value corresponds to the book value in each case.

The fair value of financial instruments traded on an active market is based on the market price listed on the balance sheet date. The fair value of financial instruments not traded on an active market, e.g. over the counter derivates, is determined by a valuation method (discounted cash flow valuations or options price models) using observable market data. The fair value of a financial debt is calculated from the present value of future cash flows. The discounting rate is calculated on the basis of interest rates valid on the balance sheet date.

The following tables show the book values, valuations and fair values for the individual financial assets and liabilities for each individual category of financial instruments and link these to the corresponding balance sheet items. The main valuation categories for the Group in accordance with IAS 39 are Available-for-Sale Financial Assets (AfS), Financial Assets Held for Trading (FAHfT), Loans and Receivables (LaR) and Financial Liabilities Measured at Amortised Cost (FLAC) and Financial Liabilities Held for Trading (FLHfT).

in TEUR	Valuation category in acc. with IAS 39	Book value 31.12.12	Valuation in accordance with IAS 39: Cost (less depreciation)	Fair Value recognised in equity	Fair Value recognised in profit/loss	Fair Value 31.12.12
ASSETS						
Other loans	LaR	10,910	10,910			10,910
Trade receivables	LaR	3,423	3,423			3,423
Receivables from related parties	LaR	135,254	135,254			135,254
Other receivables	LaR	4,238	4-238			4,238
Other assets	FAHfT	1			1	1
Other assets	LaR	6,851	6,851			6,851
Liquid funds	LaR	56,698	56,698			56,698
Total	LaR	217,374	217,374			217,374
LIABILITIES						
Corporate bond	FLAC	85,195	85,195			85,819
Long-term interest-bearing debt	FLAC	1,229,893	1,229,893			1,234,392
Derivative financial instruments with hedge relationship	n.a.	73,031		73,031		73,031
Derivative financial instruments without hedge relationship	FLHfT	623			623	623
Current debt	FLAC	147,540	147,540			144,537
Trade payables	FLAC	2,671	2,671			2,671
Liabilities to related parties	FLAC	694	694			694
Other liabilities	FLAC	13,616	13,616			13,616
Liabilities in connection with non-current assets held for sale	FLAC	27,300	27,300			27,300
Total	FLAC	1,506,909	1,506,909			1,509,029

in TEUR	Valuation category in acc. with IAS 39	Book value 31.12.11	Valuation in accordance with IAS 39: Cost (less depreciation)	Fair Value recognised in equity	Fair Value recognised in profit/loss	Fair Value 31.12.11
ASSETS						
Other loans	LaR	358	358			358
Trade receivables	LaR	2,692	2,692			2,692
Receivables from related parties	LaR	128,058	128,058			128,058
Other receivables	LaR	3,904	3,904			3,904
Other assets	FAHfT	62			62	62
Other assets	LaR	4,888	4,888			4,888
Liquid funds	LaR	100,244	100,244			100,244
Total	LaR	240,144	240,144			240,144
LIABILITIES						
Corporate bond	FLAC	68,589	68,589			64,610
Long-term interest-bearing debt	FLAC	1,256,165	1,256,165			1,264,815
Derivative financial instruments with hedge relationship	n.a.	70,254		70,254	0	70,254
Current debt	FLAC	194,923	194,923			198,090
Trade payables	FLAC	5,323	5,323			5,323
Liabilities to related parties	FLAC	347	347			347
Other liabilities	FLAC	12,356	12,356			12,356
Liabilities in connection with financial investments held for sale	FLAC	2,231	2,231			2,231
Total	FLAC	1,539,934	1,539,934			1,547,772

Interest income and interest expense for each category are as follows:

in TEUR	2012	2011
Interest income		
Financial assets at cost less depreciation (LaR)	9,797	7,898
Financial liabilities at cost less depreciation (FLAC)	--	--
Interest expense		
Financial assets at cost less depreciation (LaR)	--	--
Financial liabilities at cost less depreciation (FLAC)	34,508	37,488

Financial instruments recognised at fair value are divided into several valuation levels in accordance with IFRS 7. These are financial instruments that

- Level 1: are valued at current market prices in an active market for identical financial instruments,
- Level 2: are valued at current market prices in an active market for comparable financial instruments or with valuation models whose key input factors are based on observable market data, or
- Level 3: are valued using input factors not based on observable market prices.

As at 31 December 2011, the division into valuation levels is as follows:

in TEUR	Fair Value 31.12.2012	Level 1	Level 2	Level 3
Assets at fair value – recognised as profit or loss				
Rated as such on first valuation	1		1	
Liabilities at fair value – no effect on income				
Derivates with hedge relationship	73,031		73,031	
Liabilities at fair value – recognised as profit or loss				
Derivates without hedge relationship	623		623	

The values for the previous year are as follows:

in TEUR	Fair Value 31.12.2011	Level 1	Level 2	Level 3
Assets at fair value – recognised as profit or loss				
Rated as such on first valuation	62		62	
Liabilities at fair value – no effect on income				
Derivates with hedge relationship	70,254		70,254	
Liabilities at fair value – recognised as profit or loss				
Derivates without hedge relationship	0		0	

Net gains and losses from financial instruments are as follows:

in TEUR	2012	2011
Financial assets (FAHfT)	-61	-281
Derivates	-48	-125

Net gains and losses from derivatives are made up of losses from the release of two swaps not underlying the cash flow hedge amounting TEUR -33 (2011: TEUR +123) and the market fluctuation of these swaps amounting to TEUR -18 and TEUR +3. There were no effects from the ineffective swaps in 2012 (2011: TEUR -249).

NOTES TO THE CASH FLOW STATEMENT

The funds in the cash flow statement correspond to all liquid funds shown on the balance sheet, i.e. cash on hand and credit balances with banks that can be made available within three months.

SEGMENT REPORTING

The segment report is structured in line with IFRS 8 "Operating Segments", following the management approach. It corresponds to internal reporting to the main decision-makers and is done on the basis of the operational business segments in which DIC Asset AG operates.

The following segment report has been prepared in line with internal reporting by regions. Since the operating figures – such as annualised rental income, rental yield, rental terms in years and vacancy rates – are particularly relevant for the Management Board, these have been included in the report.

The difference between the annualised rents and the rental income as per the P&L of TEUR 253 in the commercial portfolio is mainly the result of the tenancy agreements starting and ending during the year.

The difference between the annualised rents and the rental income as per the P&L of TEUR 8,145 is mainly the result of the values for annualised rents adjusted to exclude fund properties and properties held for sale.

Annualised rental income of the business segments 2012

In TEUR	North	East	Central	West	South	**Total**	Rental income (P&L)
Commercial Portfolio	12,622	18,331	29,526	40,292	25,488	**126,259**	126,528
Co-Investments	2,995	2,344	2,233	3,028	5,088	**15,688**	
	15,617	20,675	31,759	43,320	30,576	**141,947**	126,528

Segment assets 31 December 2012

	North	East	Central	West	South	**Total 2012**	Total 2011
Number of properties	45	34	57	62	71	**269**	278
Market value (in EUR million)	238.1	270.7	642.4	656.6	415.7	**2,223.5**	2,202.3
Lease term*	6.2 years	4.3 years	6.0 years	5.3 years	4.0 years	**5.2 years**	5.5 years
Rental yield*	6.7%	7.6%	6.0%	6.6%	7.4%	**6.8%**	6.6%
Vacancy rate*	5.2%	7.8%	18.8%	12.1%	7.6%	**10.9%**	12.4%

* operating figures excluding development projects

Derivation market/book value 2012 – investment properties

in EUR million	**2012**	2011
Market value	**2,223.5**	2,202.3
minus Co-Investments	**349.3**	314.2
plus fair value difference	**3.7**	11.4
minus IFRS 5 properties	**35.8**	0
plus minority interests	**5.3**	2.6
	1,847.4	1,902.1

Annualised rental income of the business segments 2011

In TEUR	North	East	Central	West	South	**Total**	Rental income (P&L)
Commercial Portfolio	11,608	17,562	31,737	38,713	25,272	**124,892**	116,746
Co-Investments	3,090	2,125	1,807	2,716	4,833	**14,571**	
	14,698	19,687	33,544	41,429	30,105	**139,463**	116,746

Segment assets 31 December 2011

	North	East	Central	West	South	**Total 2011**	Total 2010
Number of properties	50	38	56	62	72	**278**	288
Market value (in EUR million)	234.2	270.6	646.5	641.3	409.7	**2,202.3**	2,001.8
Lease term*	6.9 years	4.8 years	6.6 years	5.5 years	3.9 years	**5.5 years**	5.4 years
Rental yield*	6.4%	7.3%	6.0%	6.5%	7.4%	**6.6%**	6.6%
Vacancy rate*	11.1%	9.3%	16.2%	14.2%	9.5%	**12.4%**	14.3%

* operating figures excluding development projects

Derivation market/book value 2011 – investment properties

in EUR million	**2011**	2010
Market value	**2,202.3**	2,001.8
minus Co-Investments	**314.2**	331.7
plus fair value difference	**11.4**	44.9
plus minority interests	**2.6**	3.2
	1,902.1	1,718.2

LEASING

The Group is the lessor in a number of operating leases (rental agreements) of the most varied kind via investment property, from which it generates the majority of its income and earnings.

As of the balance sheet date, investment properties with a book value of TEUR 1,847,372 (2011: TEUR 1,902,129) were let under operating leases. With regard to the disclosures on accumulated amortisation and depreciation, and amortisation and depreciation costs for the period as required under IAS 17.56 and 57, please see the information in no. 14 "Investment property". DIC Asset AG will receive the following minimum lease payments from existing leases with third parties:

in TEUR	2012	2011
Up to 1 year	118,790	116,640
1 to 5 years	284,086	237,746
Over 5 years	166,560	214,413
	569,436	568,799

The minimum lease payments include net rental income to be collected up to the agreed lease expiration date or by the earliest possible date of termination on the part of the lessee, regardless of whether notice of termination or non-renewal of a lease is actually expected.

In 2012, there were conditional lease payments (IAS 17.4) amounting to TEUR 522 (2011: TEUR 522) from two leases.

The total expenses for operating leases in which the company is the lessee were TEUR 993 (2011: TEUR 773). The operating lease agreements primarily involve leased vehicles, telephone system, printer and room rental. DIC Asset AG will make the following minimum lease payments for existing operating leases not subject to termination.

in TEUR	2012	2011
Up to 1 year	470	343
1 to 5 years	523	430
Over 5 years	0	0
	993	773

REPORTING ON RISK MANAGEMENT

The Group is exposed to various financial risks – credit risk, liquidity risk and interest rate risk – in connection with its operating activities. Managing these financial risks forms a key part of the Group's business strategy. The associated corporate policy is laid down by the Management Board.

Explanations of the risk management system and the business risks are given in the company's management report under "Risk management". We are making the following supplementary notes on individual risks within the scope of IFRS 7:

Credit risk

Credit risk is the possibility that a business partner is not fully able to meet his obligations by the due date, which could result in financial loss, or if the assets serving as collateral lose value. Within the framework of its operating activities, the Group is exposed to credit risks (In particular with regard to trade receivables) and risks related to financial activities, including deposits in banks and other financial institutions.

The credit risk relating to receivables from tenants can be managed by carrying out regular analyses of creditworthiness, especially in connection with new tenancies and reletting, as well as active debtor management. The maximum default risk is represented by the book value of the financial assets recognised in the balance sheet. See paragraph 19 for value adjustments on customer receivables.

Risk concentration could arise if individual tenants are responsible for over 5% of the Group's income from lettings. As only two tenants in all exceed this 5% limit, one from the public and one from the commercial sector, the Group regards the risk as low. The top ten tenants generate some 37% of total annual income from lettings.

In the case of financial activities, the Group is exposed to a credit risk which arises through the non-fulfilment of contractual agreements on the part of the counterparties. This risk is minimised in that transactions are only concluded with counterparties with a high credit rating or those which are a member of a deposit insurance fund. In the case of derivative financial instruments, the default risks correspond to their positive fair values.

Liquidity risk

The Group-wide financial planning instruments, among other things, help to establish the liquidity situation in good time. The liquidity planning is responsible for ensuring that unforeseen financing requirements can be serviced alongside planned financing requirements. The maturities of financial assets and liabilities as well as estimates of the cash flow from operating activities are included in short- and medium-term liquidity management.

The liquidity risk to which the DIC Asset Group is exposed is made up of obligations under contractually agreed interest and principal payments for original financial liabilities and the liquidity risk from derivative financial instruments at fair value at the balance sheet as follows. Furthermore, risks exist in the case of loans which are scheduled for extension and where extension may not prove possible as well as due to delays in sales activities and potentially higher equity requirements in the case of new financing.

A further fundamental risk arises from loan agreements in which covenants are agreed, e.g., debt service coverage ratio (DSCR) or interest coverage ratio (ISCR) or weighted average lease term (WALT). Covenant infringements, i.e. exceeding the defined thresholds, can necessitate unscheduled repayments or the furnishing of collateral for the amount required to keep the covenant.

Compliance with covenants is monitored on an ongoing basis and reported as part of the quarterly Group report to the management. All covenants were met in the 2012 financial year. We expect no covenant infringements in 2013.

Cash and cash equivalents amounting to TEUR 56,698 (2011: TEUR 100,244) are available to cover the liquidity requirement. Furthermore, the Group has overdraft facilities for Capex and TI measures that it has not yet used. These amount to a total of TEUR 24,372 (2011: TEUR 15,929).

In order to minimise the concentration of risk, new and refinancing of real estate portfolios are divided between more than one bank, thus reducing exposure per bank. The maximum counterparty risk with one single counterparty stands at EUR 281 million (2011: EUR 295 million).

Provisionally, the financial liabilities will result in the following payments over the coming years:

in TEUR	2013	2014 to 2017	2018 and after
Non-derivative financial liabilities			
Long-term interest-bearing debt	24,963	1,177,647	206,204
Current debt	144,336		
Trade payables	2,671		
Liabilities to related parties	694		
Other liabilities	13,616		
Liabilities – properties held for sale	27,300		
Derivative financial liabilities	30,383	40,102	6,768
	243,963	1,217,750	212,972

The values for the previous year are as follows::

in TEUR	2012	2013 to 2016	2017 and after
Non-derivative financial liabilities			
Long-term interest-bearing debt	19,423	1,160,969	212,763
Current debt	194,581		
Trade payables	5,323		
Liabilities to related parties	347		
Other liabilities	12,356		
Liabilities – properties held for sale	2,231		
Derivative financial liabilities	25,060	26,357	2,737
	259,321	1,187,326	215,500

Interest rate risk

Interest rate risks arise as a result of market-driven fluctuations in interest rates or margins on new borrowings and renewals of loans. The interest rate risk the Group is exposed to is mainly the result of debt, loans and interest-bearing investments. The Group manages its interest rate risk with a balanced portfolio of fixed and variable interest-bearing loans. A significant proportion of the financial liabilities have a fixed interest rate and thus match the cash flows from rents, meaning that the impact of fluctuations in market interest rates can be predicted in the medium term. The Group enters into interest rate swaps, primarily payer swaps, in which the Group exchanges the difference between fixed and variable interest rate amounts with the counterparty at fixed intervals. Interest rate swaps protect the underlying loan obligation, cf. paragraph 17. As at 31 December 2012, approx. 81% (2011: 80%) of the Group's financial debt had fixed interest-rates or were subject to secured against interest rate changes.

To optimise the interest result, an average of 20% was subject to variable interest-rate payments in the financial year 2012.

In accordance with IFRS 7, interest rate risks are presented by way of sensitivity analyses. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, in the case of derivatives with a hedge relationship, the effects on the hedging reserve in equity and the fair value of these derivatives. The interest rate sensitivity analyses are based on the assumption that changes in market interest rates of primary financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7. Sensitivity analyses were therefore performed only for financial derivatives (swaps and caps) and variable interest-bearing financial liabilities. The effects of a market interest rate being increased or decreased by 100 basis points on each balance sheet date would have the following implications for income and equity after taking deferred taxes into consideration:

in TEUR	2012		2011	
	+100 bp	**-100 bp**	+100 bp	-100 bp
Effect on income from variable interest-bearing financial debt	**-3,290**	**+3,290**	-2,910	+2,910
Effect on income from financial derivatives (caps)	**+33**	**0**	+121	0
Effect on equity from financial derivatives (swaps)	**+23,192**	**-21,791**	+38,523	-20,149

CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

Contingencies

DIC Asset AG issued a guarantee bond to Deutsche Pfandbriefbank (PBB) to the amount of its 20% holding in DIC HI Portfolio GmbH in which it undertook a maximum guarantee of TEUR 400 pro rata on the basis of a loan agreement between DIC HI Portfolio GmbH and Deutsche Pfandbriefbank. As at 28 April 2011, DIC Asset AG issued a further guarantee with a term to 15 June 2013 for up to TEUR 740 to the PBB.

DIC Asset AG has issued an unlimited, directly enforceable, unconditional guarantee for the purposes of providing construction and planning services for DIC MainTor Primus GmbH, Frankfurt am Main, in the amount of TEUR 3,000 to Grundstücksgesellschaft OPER GbR, Frankfurt am Main. The contract performance guarantee shall lapse once final acceptance of the construction project to be realised has been granted or the construction project has been deemed to have been accepted by Grundstücksgesellschaft OPER GbR.

DIC Asset AG has issued a guarantee bond (cost overrun guarantee) to Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover, in which it undertook a maximum guarantee of a total of TEUR 2,680 pro rata on the basis of a loan agreement between DIC MainTor Porta GmbH and Deutsche Hypothekenbank.

In addition, a letter of comfort was issued for the subsidiaries of DIC MSREF HMDD Portfolio GmbH, a subsidiary incorporated under the equity method, regarding the 20% holdings of outstanding liabilities on the borrowers' part in the amount of TEUR 10,706

Financial commitments

A sublease relationship has been in place between DIC Asset AG, its wholly owned subsidiary DIC Onsite GmbH and DIC AG & Co. KGaA, who acts as general tenant for the Group, since 29 February/3 March 2008 and the addendum of 16 December 2008. This relationship has resulted in payment obligations of TEUR 150 plus TEUR 30 ancillary cost advance payments per year for DIC Asset AG and TEUR 151 plus TEUR 29 ancillary cost advance payments for DIC Onsite GmbH. The agreement has a fixed term until 31 March 2015

Additional financial obligations arise from operating lease agreements for vehicles in which the company is the lessee. See "Leasing", p. 104

For existing investment obligations relating to work on portfolio properties, refer to the explanations in "investment property", p. 92.

CAPITAL MANAGEMENT

The primary objective of capital management is to ensure that the Group retains its ability to repay its debts and retains its financial stability to support its business operations in the future.

The capital structure is managed in accordance with economic and regulatory provisions. In this process, we aim to achieve a balanced maturity structure for outstanding liabilities.

DIC Asset is able to manage its capital structure through dividends and/or capital increases or by changes to its financing. DIC Asset AG strives to maintain a capital structure that is in line with the business risk. DIC Asset is subject to the minimum capital requirements for stock corporations. Compliance with these requirements is monitored.

The equity ratio is used as an important parameter vis-à-vis investors, analysts and banks. Besides the balance sheet equity ratio, the net debt equity ratio (adjusted from hedging effect) play a major role.

in TEUR	2012	2011
Equity	614,322	621,259
Total assets	2,210,172	2,244,551
Balance sheet equity ratio	27.8%	27.7%
Net debt equity ratio	31.2%	31.6%

The equity ratio changed only marginally compared with the previous year due to virtually counterbalancing effects from property purchases and sales as well as a negative hedging reserve (+4%), which changed only slightly compared with the previous year.

RELATED PARTY DISCLOSURES

Related parties include the 13 companies incorporated at equity (see "Scope of consolidation").

Due to their significant influence, the following companies and persons are also related parties:

- Deutsche Immobilien Chancen AG & Co. KGaA
- Konzerngesellschaften der Deutsche Immobilien Chancen AG & Co. KGaA
- Deutsche Immobilien Chancen Beteiligungs AG
- DIC Grund- und Beteiligungs GmbH
- DIC Capital Partners (Europe) GmbH
- GCS Verwaltungs GmbH
- MSREF Funding Inc. together with the companies of the MSREF Group
- Forum European Realty Income II L.P. (hereinafter "Forum")
- DICP Capital SE
- Prof. Dr. Gerhard Schmidt

Additional related parties are the Supervisory Board, the Management Board and executives of these individuals.

The company has filed a dependent company report on its relationships to these related parties. This report lists all legal transactions conducted by the company or its subsidiaries with, at the behest of or in the interest of affiliates over the past financial year, as well as all other measures taken or omitted by the company at the behest of or in the interest of these companies over the past financial year.

The report concludes with the following statement:

"We hereby declare that according to the facts known to us at the time in which the legal transactions were conducted, our company received or paid a commensurate consideration in each transaction. We took no actions at the behest of or on behalf of the controlling company."

An overview of legal transactions and relations with related parties is shown below.

LEGAL TRANSACTIONS WITH RELATED PARTIES

Deutsche Immobilien Chancen AG & Co. KGaA

There are connections between the personnel ("double mandate") of DIC Asset AG and Deutsche Immobilien Chancen AG & Co. KGaA (DIC AG & Co. KGaA), as well as its sole general partner, Deutsche Immobilien Chancen Beteiligungs AG (DIC Beteiligungs AG), at the level of the Management Board and Supervisory Board. One of the two members of the Management Board of the company, Mr. Ulrich Höller, is also a member of the Management Board of DIC Beteiligungs AG, whose board also consists of two additional members. Since March 2006, the member of the Management Board Ulrich Höller has had employment contracts with both DIC Beteiligungs AG and the company. Each of these companies pays 50% of Mr. Höller's fixed compensation. In addition, there is variable compensation related to the performance of the companies of the DIC KGaA Group and the DIC Asset Group, as well as options for shares of DIC KGaA and compensation based on the share price of DIC Asset AG. There is also an overlap of personnel in the Supervisory Board of DIC Asset AG, DIC AG & Co. KGaA and DIC Beteiligungs AG in the person of Prof. Dr. Gerhard Schmidt and Klaus-Jürgen Sontowski who are also indirectly significant limited shareholders in DIC AG & Co. KGaA. In addition, Prof. Dr. Gerhard Schmidt is also the indirect majority shareholder of its sole general partner, DIC Beteiligungs AG.

The company currently provides general property and building management services (including re-letting services) as well as services related to technical building management for a total of 60 properties, including some in which DIC AG & Co. KGaA has a controlling interest. In 2012, the total amount of compensation collected by the company for these services was TEUR 5,725 (2011: TEUR 5,310). Of this, a total of TEUR 8 (2011: TEUR 9) was compensation paid by the companies of the DIC AG & Co. KGaA Group.

DIC Asset AG has made an overdraft facility available to DIC AG & Co. KGaA, on which interest has been set at 6% p.a., to be payable in arrears. As security for any part of the loan used, DIC AG & Co. KGaA has pledged to the company its 10% interest in Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH & Co. KG. As at 31 December 2012, the portion of this overdraft facility that had been used equalled TEUR 19,050 (2011: TEUR 17,971). DIC Asset AG received interest credits in the amount of TEUR 1,078 (2011: TEUR 1,017) in the reporting period for the day-to-day money made available.

DIC AG & Co. KGaA has a current account relationship with some of the DIC Asset AG subsidiaries which is offset with reference to the reporting date. The DIC AG & Co. KGaA companies shown in the table receive interest credits for the loans made available in the following amounts:

in TEUR	2012	2011
Gewerbepark Langenfeld West 3 GmbH & Co. KG	139	132
DIC Objekt Frankfurt 1 GmbH & Co. KG	82	79
Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH & Co. KG	69	66

In addition, a sublease relationship is in place between DIC AG & Co. KGaA and DIC Asset AG as well as its wholly owned subsidiary DIC Onsite GmbH with regard to office space used by DIC Asset AG and DIC Onsite GmbH at the Frankfurt site as DIC AG & Co. KGaA acts as the general tenant for all space rented by DIC Group companies in the Group headquarters in Frankfurt. The amount of the rent is based on the space actually occupied by DIC Asset AG and DIC Onsite GmbH and is recharged at the same price per square metre, which is a component of the general rental agreement DIC AG & Co. KGaA. For 2012, rent paid to DIC AG & Co. KGaA amounted to TEUR 301 (2011: TEUR 260). DIC Asset AG considered the rental interest to be at the normal rate for the location and appropriate.

DIC Services GmbH & Co. KG

DIC Services GmbH GmbH & Co. KG (formerly DIC Projektentwicklungs GmbH & Co. KG), in which DIC AG & Co. KGaA has a 100% interest, provides various commercial administration services for DIC Asset AG. This concerns all accounting-, finance- and controlling-related activities to be performed at the company itself or by the company on the basis of active service agreements for various portfolio and property companies as well as other administrative services and IT services.

Compensation for services related to accounting, finance, controlling and administration were calculated on the basis of expenditures and compensated in the amount of TEUR 18 in 2012 (2011: TEUR 18) for services rendered for the benefit of DIC Asset AG and TEUR 876 (2011: TEUR 802) for services rendered for the benefit of the companies of the DIC Asset Group.

Since 2012, other service contracts have been in place, in which DIC Services GmbH and Co. KG has been engaged by various subsidiaries of DIC Asset AG to provide separate services in the area of Bank financing. These include all activities carried out in connection with new financing or extending the existing financing of individual properties or entire portfolios. The remuneration for these services amounted to TEUR 107 (2011: TEUR 0) in 2012.

In addition, an agreement of 31 July 2012 is in place between DIC Services GmbH & Co. KG and the companies DIC Asset AG, DIC Onsite GmbH, DIC Beteiligungs AG and DIC MainTor GmbH, in which DIC Services GmbH & Co. KG undertakes to provide key services in the areas of personnel and marketing. Reimbursement of expenses is made upon provision of an invoice by DIC Services GmbH & Co. KG to the respective company on the basis of documented and proper allocation. In 2012, DIC Services GmbH & Co. KG was compensated for expenses amounting to TEUR 144 (2011: TEUR 0) by DIC Asset AG and its 100% subsidiary DIC Onsite GmbH.

DIC Services GmbH & Co. KG also performs services in the field of technical real estate management for DIC Onsite GmbH, a 100% subsidiary of DIC Asset AG. These are project management services for a major construction project that is expected to take three years from 2010 to 2012. DIC Onsite GmbH is making use of the development expertise of the DIC Group to coordinate and supervise the construction work and to ensure that project budgets, quality requirements and deadlines are met. The remuneration amounts to 4.9% of gross construction costs including ancillary costs and non-deductible withholding tax. No remuneration was incurred from this agreement in 2012 (2011: TEUR 54).

DIC Opportunistic GmbH

In accordance with a loan dated 17 December 2008 and the addenda thereto, DIC Asset AG has granted a loan to DIC Opportunistic GmbH. As at 31 December 2012, this loan amounts to TEUR 20,992 (2011: TEUR 19,551). It has a fixed term until 30 June 2013. Interest is payable at 7.25% p.a. In the financial year, DIC Asset AG received interest credits of TEUR 1,441 (2011: TEUR 1,199) for the funds made available.

In an agreement of 1 April 2008, DIC OF Reit 2 GmbH (100% subsidiary of DIC Asset AG) granted a loan to DIC Opportunistic GmbH. The loan has an unlimited term and an interest rate of 8% p.a. is payable quarterly in arrears. As at 31 December 2012, the loan amounts to TEUR 11,922 (2011: TEUR 10,896). In financial year 2012, interest of TEUR 861 (2011: TEUR 795) was charged for the granting of the loan.

DIC HI Portfolio GmbH

In a loan agreement of 12 December 2008 and the addenda thereto, DIC Asset AG and its subsidiary DIC OF Reit 2 GmbH granted a loan to DIC HI Portfolio GmbH with a term to 30 June 2013. As at 31 December 2012, this loan amounts to TEUR 3,308 (2011: TEUR 3,099). Under the terms of the addendum of 30 June 2012, interest is 6.00% p.a. from 1 June 2012. It was previously at a rate of 7.25% p.a.

On the basis of a loan agreement of 15 June 2011 and addendum 1 thereto, DIC Asset AG granted HI Portfolio GmbH a loan in the amount of TEUR 11,340 until 30 June 2013. As at 31 December 2012, the loan amounted to TEUR 12,607 (2011: 11,812). Under the terms of addendum 1 to the loan agreement, interest has been charged at 6.00% p.a. since 1 June 2012. It was previously 7.25%. Furthermore, interest of 6% p.a. is charged on current account balances of TEUR 348 (2011: TEUR 246), at 5.75% on balances of TEUR 1,202 and 8% p.a. on balances of TEUR 1,867 (2011: 6,035). In the 2012 financial year, interest credits totalling TEUR 1,493 (2011: TEUR 1,055) accrued.

DIC Hamburg Portfolio GmbH

In a loan agreement of 28 February 2008 and the addenda thereto, DIC Asset AG and its subsidiary DIC OF Reit 2 GmbH granted a loan to DIC Hamburg Portfolio GmbH with a fixed term to 31 December 2012. As at 31 December 2012, this loan amounts to TEUR 5,081 (2011: TEUR 11,419). The loan that ended on 31 December 2012 was terminated early with an agreement of 29 June 2012 and a new loan was granted for TEUR 11,000 with a term until 31 December 2015 and an interest rate of 7.25% p.a. with an outstanding amount of TEUR 10,910 at year-end. Furthermore, interest of 8% p.a. is charged on current account balances amounting to TEUR 38 (2011: TEUR 206). In financial year 2012, interest credits totalling TEUR 1,044 (2011: TEUR 922) accrued.

DIC MainTor GmbH

In an agreement of 12 December 2011, DIC OF REIT 1 GmbH (100% subsidiary of DIC Asset AG) granted DIC MainTor Porta GmbH a loan in the amount of up to EUR 30.0 million to finance the relevant construction stage of our development project. The loan has an interest rate of 7.5% p.a. and grants an additional share of profits. The loan has an initial term to 30.06.2013. DIC MainTor GmbH has pledged its stake in DIC MainTor Porta GmbH as collateral for this loan. As at the balance sheet date, this loan was worth TEUR 25,257 (2011: 20,155). In financial year 2012, interest credits totalling TEUR 1,831 (2011: TEUR 55) accrued.

DIC Office Balance I and DIC HighStreet Balance

On the basis of an agency agreement regarding asset and property management, the Group generated income from property management fees in the amount of TEUR 2,262 (2011: TEUR 1,642) for services to the DIC Office Balance I special fund as well as identical profits for the DIC HighStreet Balance fund placed at the end of 2012 amounting to TEUR 367 (2011: TEUR 0).

Deutsche Immobilien Chancen Beteiligungs AG

For the years 2003 to 2005, DIC Asset AG has pledged to reimburse DIC Beteiligungs AG, the sole general partner of DIC AG & Co. KGaA, 50% of the costs that are incurred by DIC Beteiligungs AG in connection with the employment of members of the Management Board who work for the company, exclusively or not. With the exception of fringe benefits, since the beginning of 2006, all members of the Management Board of DIC Asset AG have been compensated for their activities for Deutsche Immobilien Chancen Beteiligungs AG exclusively through it. The amount of reimbursement for the fringe benefits granted to Mr. Ulrich Höller for financial year 2012 was TEUR 15 (2011: TEUR 16).

Under the "German Investment Program Agreement" dated 29 July 2004 and the "Investment and Shareholder Agreement" dated 7 June 2005, the following DIC Asset AG joint ventures and their respective wholly owned property companies made use of various services provided by DIC Beteiligungs AG.

Service agreements

Companies
DIC MSREF HMDD Portfolio GmbH
DIC MSREF Hochtief Portfolio GmbH
DIC MSREF FF Südwest Portfolio GmbH

Agreements
Provision of management services;
commissions on the letting and disposal of properties;
accounting fees;
compensations on renewals (tenant improvement fees);
development compensations

Under the current asset management agreements and the addenda thereto, MSREF joint ventures are to provide the following compensation to DIC Beteiligungs AG:

- Base management fee: 1% of annual net rent;
- Leasing fee (equates to a leasing commission): 2.5 net monthly rental payments or one net monthly rental payment, if an outside broker is involved;
- Disposition fee (equates to a sales commission): 1% to 3% of the sales price after transaction costs if no outside broker is involved, and 0.4% to 1.5% of the sales price after transaction costs if an outside broker is involved;
- Tenant improvement fee (equates to a fee for re-leasing services): 3.5% to 5% of the internal and external costs that arise from renovation for a new tenant (particularly for planning and renovation) or negotiable on the basis of this expense;
- Development fee (equates to compensation for development work): for development project services through to initial leasing: dependent on expenses or market-rate compensation.
- Accounting fee: for services in the areas of accounting, finance and controlling, TEUR 9 per company p.a.

In 2012 and 2011, the following compensation was paid to DIC Beteiligungs AG, in which MSREF holds 25.1% of the share capital (in each case excluding sales tax):

Recipient of service (Amount in Euro)		Base Mgmt. Fee	Leasing Fee	Disposition Fee	TI/Develop. Fee	Accounting Fee	Total
DIC Zeil Portfolio GmbH	**2012**	**0**	**0**	**0**	**0**	**0**	**0**
(until 30.09.2011)	2011	26,309	0	3,000	0	20,250	49,559
DIC EB Portfolio GmbH	**2012**	**0**	**0**	**0**	**0**	**0**	**0**
(until 30.09.2011)	2011	23,917	0	0	0	27,000	50,917
DIC LB Portfolio GmbH	**2012**	**0**	**0**	**0**	**0**	**0**	**0**
(until 30.09.2011)	2011	47,451	29,340	0	0	74,250	151,041
DIC MSREF	**2012**	**56,476**	**0**	**67,375**	**0**	**81,000**	**204,851**
HMDD Portfolio GmbH	2011	63,486	0	151,000	0	81,000	295,486
DIC MSREF HT	**2012**	**59,187**	**0**	**141,400**	**0**	**72,000**	**272,587**
Portfolio GmbH	2011	53,979	0	0	0	72,000	125,979
DIC MSREF FF	**2012**	**116,502**	**0**	**0**	**0**	**54,000**	**170,502**
Südwest Portfolio GmbH	2011	116,475	0	216,229	0	60,750	393,454
Overall Totals	**2012**	**232,165**	**0**	**208,775**	**0**	**207,000**	**647,940**
	2011	331,617	29,340	370,229	0	335,250	1,066,436

Aside from its Management Board, DIC Beteiligungs AG has no employees of its own. For the purpose of providing the services assigned to it in accordance with the Asset Management Agreement, it, for its part, makes use of services rendered by DIC Asset AG. Under an agreement of 16 November 2005 (supplemented by five addenda as a result of newly acquired portfolios), DIC Asset AG charges fees to DIC Beteiligungs AG, the amount of which also depends on whether the MSREF joint venture has contracted third parties to provide these services, with the approval of the company.

In particular, the agreement provides for compensation for services related to portfolio and asset management in the amount of 0.5% of the net annual rent. Assistance with leasing is compensated in the amount of 1.5 times the agreed net monthly rent, or 0.75 times the agreed net monthly rent if an external broker was involved. The compensation paid for sales assistance equals 0.5% to 1.5% of the realised proceeds – or 0.2% to 0.75% of the realised proceeds if an external broker was involved. Individual properties and development projects may be subject to case-by-case arrangements.

On the basis of this agreement, the DIC Asset AG charged DIC Beteiligungs AG the following amounts for services related to MSREF joint ventures for 2012 and 2011(in each case excluding sales tax):

Recipient of service (Amount in Euro)		Asset Mgm. Fee	Leasing Fee	Disposition Fee	Total
DIC Zeil Portfolio GmbH	**2012**	**0**	**0**	**0**	**0**
(until 30.09.2011)	2011	13,155	0	1,500	14,655
DIC EB Portfolio GmbH	**2012**	**0**	**0**	**0**	**0**
(until 30.09.2011)	2011	11,959	0	0	11,959
DIC LB Portfolio GmbH	**2012**	**0**	**0**	**0**	**0**
(until 30.09.2011)	2011	23,726	20,944	0	44,670
DIC MSREF HMDD	**2012**	**28,238**	**0**	**33,810**	**62,048**
Portfolio GmbH	2011	31,743	0	75,500	107,243
DIC MSREF HT	**2012**	**29,593**	**0**	**70,700**	**100,293**
Portfolio GmbH	2011	26,990	0	0	26,990
DIC MSREF FF	**2012**	**58,251**	**0**	**0**	**58,251**
Südwest Portfolio GmbH	2011	58,238	0	108,115	166,353
Overall Totals	**2012**	**116,083**	**0**	**104,510**	**220,593**
	2011	165,811	20,944	185,115	371,870

DIC Capital Partners (Europe) GmbH

The company has granted to DIC Capital Partners (Europe) GmbH, which indirectly controls DIC Beteiligungs AG as the general partner of Deutsche Immobilien Chancen AG & Co. KGaA, a loan in the amount of TEUR 700 at an interest rate of 4.5% p.a. (payable annually in arrears). The loan is unlimited and was valued at TEUR 502 (2011: TEUR 480) as at 31 December 2012. To secure the company's loan repayment and interest claims against DIC Capital Partners (Europe) GmbH, DIC Capital Partners (Europe) GmbH has assigned to the company its claims against Deutsche Immobilien Chancen Objekt Mozartstraße 33a GmbH for dividends and the repayment of a loan.

Under the "Shareholder Agreements" dated 27 November 2006 and 9 May 2007, two other joint ventures of DIC Asset AG, namely, DIC Hamburg Portfolio GmbH and DIC HI Portfolio GmbH, and their respective wholly owned property companies receive various services from DIC Beteiligungs AG. DIC Hamburg Portfolio GmbH and DIC HI Portfolio GmbH are opportunistic Co-Investments in which DIC Asset AG has a 20% interest (1.2% directly and 18.8% indirectly through DIC Opportunistic GmbH). Other investors are DIC AG & CO. KGaA with a 30% interest which is held by its wholly owned subsidiary DIC Opportunity Fund GmbH (1.8% directly and 28.2% indirectly through DIC Opportunistic AG) and DIC Capital Partners (Germany) GmbH with a 50% interest (3% directly and 47% indirectly through DIC Opportunistic GmbH).

Accordingly, the above-named joint venture and DIC Beteiligungs AG have entered into "Asset Management Agreements" for the provision of various management services as well as commissions on the leasing and divestiture of real property, in each case at the time of establishment of these joint ventures. Moreover, special compensation arrangements have been established with DIC Hamburg Portfolio GmbH for re-leasing services and an agreement regarding development fees has been concluded.

Under the existing service agreements ("Asset Management Agreements") these DICP joint ventures are to provide the following compensation to DIC Beteiligungs AG:

- Base management fee: 1% of annual net rent; (1.3% since 1 July 2012);
- Leasing fee (equates to a leasing commission): 2.5 net monthly rental payments or one net monthly rental payment, if an outside broker is involved;
- Disposition fee (equates to a sales commission): 0.75% to 2.5% of the sales price after transaction costs if no outside broker is involved, and 0.5% to 1.5% of the sales price after transaction costs if an outside broker is involved;
- Tenant improvement fee (equates to a fee for re-leasing services): 3.5% to 4% of the internal and external costs that arise from renovation for a new tenant (particularly for planning and renovation) or negotiable on the basis of this expense;
- Development fee (equates to compensation for development work): for development project services through to initial leasing: dependent on expenses or market-rate compensation.
- Accounting fee: for services in the areas of accounting, finance and controlling, TEUR 9 per company p.a.
- Arrangement fee: for services in connection with new financings or debt rollovers

In 2012 and 2011, the following compensation was paid to DIC Beteiligungs AG, in which DICP holds 7.5% of the share capital (in each case excluding sales tax):

Recipient of service (Amount in Euro)		Base Mgmt. Fee	Disposition Fee	TI/Develop. Fee	Accounting Fee	Arrang. Fee	Total
DIC Hamburg	**2012**	**89,698**	**233,100**	**287,500**	**162,000**	**137,531**	**909,829**
Portfolio GmbH	2011	80,852	85,950	0	162,000	0	328,802
DIC HI	**2012**	**260,150**	**155,500**	**0**	**243,000**	**0**	**658,650**
Portfolio GmbH	2011	225,877	141,340	0	243,000	0	610,217
DIC MainTor GmbH	**2012**	**0**	**0**	**0**	**42,750**	**175,440**	**218,190**
	2011	1,030	0	0	36,000	0	37,030
Overall Totals	**2012**	**349,847**	**388,600**	**287,500**	**447,750**	**312,971**	**1,786,669**
	2011	307,759	227,290	0	441,000	0	976,049

As, aside from its Management Board, DIC Beteiligungs AG has no employees of its own in the property management sector, for the purpose of providing the services assigned to it hereunder, it makes use of DIC Asset AG materials and personnel.

DIC Asset AG charges fees to DIC Beteiligungs AG, the amount of which also depends on whether, with the approval of the company, the DICP joint venture has contracted third parties to provide the services.

In particular, the amount of the fee for services related to portfolio and asset management is 0.5% of the net annual rent. Assistance with leasing is compensated in the amount of 1.5 times the agreed net monthly rent, or 0.75 times the agreed net monthly rent if an external broker was involved. The compensation paid for sales assistance equals 0.38% to 1.25% of the realised proceeds – or 0.25% to 0.75% of the realised proceeds if an external broker was involved. Individual properties and development projects may be subject to case-by-case arrangements. On the basis of this agreement, DIC Asset AG charged DIC Beteiligungs AG the following amounts for services related to DICP joint ventures for 2012 and 2011 (in each case excl. sales tax):

Recipient of service (Amount in Euro)		Asset Mgmt. Fee	Disposition Fee	Total
DIC Hamburg	**2012**	**50,572**	**116,653**	**167,225**
Portfolio GmbH	2011	40,426	43,120	83,546
DIC HI	**2012**	**147,398**	**77,750**	**225,148**
Portfolio GmbH	2011	112,939	70,670	183,609
DIC MainTor GmbH	**2012**	**0**	**0**	**0**
	2011	687	0	687
Overall Totals	**2012**	**197,971**	**194,403**	**392,373**
	2011	154,052	113,790	267,842

The terms agreed with the above companies were no worse than the terms DIC Asset AG would have secured for a comparable cash investment or from third parties. As a result, performance and consideration were the same for every transaction.

Morgan Stanley Real Estate Funds (MSREF)
Together with the companies of the MSREF Group, DIC Asset AG has acquired interests in investment properties, including:

- properties transferred from MEAG, which are held by DIC MSREF HMDD Portfolio GmbH and its eight wholly owned subsidiary property companies, under agreements dated 14 December 2005;
- properties acquired from Hochtief, which are held by DIC MSREF HT Portfolio GmbH and its seven wholly owned subsidiary property companies, under agreements dated 24 May 2006;
- properties transferred from the Falk group, which are held by DIC MSREF FF Südwest Portfolio GmbH and its five wholly owned subsidiary property companies, under agreements dated 16 August 2006; and

(hereinafter referred to collectively as "joint ventures").

The company holds an interest in the property companies of the FF Südwest portfolio, the HT portfolio and the properties transferred from MEAG at 20% each indirectly through the portfolio companies. In addition, aside from the 50% stake in each of the divisions of the MSREF group, the company holds a 30% indirect interest in DIC Opportunity Fund GmbH.

With respect to the distribution of profits, the DIC shareholders are entitled to equity return-based profits paid in advance, which, in the case of an equity return in the amount of 17.5%, amount to 10% of profits and reach their maximum amount of 30% of profits at equity returns of over 27.5%.

The company continues to be bound by credit agreements with the joint ventures, under which the company acts both as lender and borrower. The underlying credit comes in the form of overdraft facilities with an agreed interest rate of 6% p.a. in each case. Interest is payable in arrears at the end of a year or quarter or is added to the principal. The agreements call for neither fixed terms nor collateral security. With regard to the balances existing as of the balance sheet dates, see "20. Receivables from related parties".

Forum European Realty Income II L.P. (Forum)
On 11 July 2008, DIC AG & Co. KGaA, Forum European Realty Income S.a.r.l. and Forum European Realty Income II L. P. (hereinafter referred to as "Forum") entered into two agreements on the issue of convertible bonds. Forum is therefore extending its existing convertible bond by a further three years while at the same time taking up an additional convertible bond also with a term of three years and the option to convert 1.52 million DIC Asset AG shares, which are to be provided by Deutsche Immobilien Chancen AG & Co. KGaA. In return, Forum has transferred its holding of 4.9% to the DIC Group.

As a result of its accession to an agreement between DIC AG & Co. KGaA and Forum of 18 September 2005, the company is also entitled and obligated vis-à-vis DIC AG & Co. KGaA, to acquire a 40% share in the so-called "opportunistic investments" of DIC AG & Co. KGaA.

Due to the interest of 50% from other financial investors (such as MSREF) in opportunistic investments, the company's equity share amounts to 20% in total.

TRANSACTIONS WITH EXECUTIVES

Legal transactions with executives and their close relatives were entered into only to an insignificant extent.

Management remuneration
The remuneration of management in key positions in the Group, which is subject to disclosure requirements under IAS 24.17, encompasses the remuneration of the current Management Board and the Supervisory Board.

The members of the Management Board were remunerated as follows:

in TEUR	2012	2011
Remuneration due in the short term	1,374	1,199
Share-based compensation	445	- 101
Total	1,819	1,098

For more details of the Management Board's remuneration, please see the Remuneration Report on page 120 seqq.

The members of the Supervisory Board were remunerated as follows:

in TEUR	2012	2011
Remuneration due in the short term	205	204
Total	205	204

Further details, in particular information in accordance with § 285 Sentence 1 No. 9 Letter a Sentences 5 to 9 HGB, are given in the Management Report. Supervisory board taxes of TEUR 12 were borne by the company.

The Chairman of the Supervisory Board of the company, Dr. Gerhard Schmidt, is a partner in the firm of lawyers Weil, Gotshal & Manges LLP. This firm received compensation for legal advisory services in the amount of TEUR 24 for the financial year 2012 and TEUR 602 for the financial year 2011.

Shareholder structure

As in the previous year, Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, has a direct and indirect capital share of 31.5% pro rata in DIC Asset AG. The voting rights announcements pursuant to § 20 AktG have been submitted to the company.

OTHER DISCLOSURES

Announcements pursuant to § 160 AktG

The existing announcements pursuant to § 21 Para. 1 German Securities Trading Act (WpHG) concerning direct and indirect investments in the issued capital of DIC Asset AG are listed in appendix 3 to the Notes.

Events after the balance sheet date

The transfer of title, benefits and obligations of all properties recognised under "non-current assets held for sale" took place in the period between the balance sheet date and the date of release of the consolidated financial statements by the Management Board on 4 March 2013.

The two properties in Cologne and Regensburg with purchase prices of EUR 17.9 million and EUR 14.3 million were transferred to ownership of the purchaser on 15 February 2013 and 28 February 2013. The transfer of title, benefits and obligations pertaining to a property in Berlin took place on 28 February 2013. The purchase price was EUR 4.8 million. On 6 February 2013, a purchase price of EUR 0.7 million was paid for a property in Heidelberg and the transfer of title, benefits and obligations took place concurrently.

The transfer of title, benefits and obligations pertaining to two properties from the Co-Investments segment in Hamburg that had been sold by notarial agreement of 11 and 18 December 2012 took place on 31 January 2013. The purchase price totalled EUR 9.7 million. DIC Asset had a 20% stake in this sale.

In addition, the notarial agreement for the sale of a further Hamburg property was certified. The purchase price amounted to EUR 8.2 million. DIC Asset AG had a 20% stake in this sale. The property is scheduled to be transferred in the second quarter of 2013.

The increase in our bond was completed by the end of January January 2013. The maximum issue volume was achieved worth EUR 100 million in total. From this, we have received a further EUR 13 million.

Apart from these transactions, no further material transactions were resolved, initiated or implemented in the post-balance sheet period under review, i.e. the period between the balance sheet date and the date of release of the consolidated financial statements by the Management Board on 4 March 2013.

Employees

In 2012 the Group had an average of 138 employees (2011: 121 employees).

Corporate Governance Report

The declaration regarding the German Corporate Governance Code pursuant to § 161 AktG has been submitted and is available to shareholders at any time on the website "http://www.dic-asset.de/investor-relations/CG".

Supervisory Board

The members of the Supervisory Board are:

Prof. Dr. Gerhard Schmidt (Chairman),
Attorney, Glattbach

Mr. Klaus-Jürgen Sontowski (Deputy Chairman),
businessman, Nuremberg

Mr. Michael Bock,
Managing Director REALKAPITAL Vermögensmanagement GmbH, Leverkusen

Mr. Russell C. Platt,
Chief Executive Officer, Forum Partners Europe (UK) LLP, London/UK

Mr. Bernd Wegener FRICS,
Principal Head of the Real Estate Management Division at the Versicherungskammer Bayern (Bavarian Insurance Chamber), Munich

Dr. Michael Peter Solf,
Principal Head of the Capital Investments Division at SV SparkassenVersicherung Holding AG, Stuttgart

At the same time, the members of the Supervisory Board served on the following additional supervisory boards and supervisory bodies:

At the same time, the members of the Supervisory Board served on the following additional supervisory boards and supervisory bodies:

Prof. Dr. Gerhard Schmidt	– Grohe AG, Hemer: Chairman of the Supervisory Board – Grohe Beteiligungs GmbH, Hemer: Chairman of the Supervisory Board – TTL Information Technology AG, Munich: Member of the Supervisory Board; – Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: – Chairman of the Supervisory Board * – Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: – Chairman of the Supervisory Board * – DIC Capital Partners (Germany) GmbH & Co. Kommanditgesellschaft auf Aktien, – Munich: Chairman of the Supervisory Board * – DIC Capital Partners Beteiligungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: – Chairman of the Supervisory Board ** – DIC Capital Partners (Germany) III Verwaltungs GmbH, Munich: – Chairman of the Supervisory Board ** – DIC Capital Partners (Germany) III GmbH & Co. KGaA, Munich: – Chairman of the Supervisory Board * – DIC Capital Partners OpCo (Germany) Verwaltungs GmbH, Munich: – Chairman of the Supervisory Board ** – DIC Capital Partners OpCo (Germany) GmbH & Co. KGaA, Munich: – Chairman of the Supervisory Board * – DICP Asset Management Beteiligungsgesellschaft mbH & Co. KGaA, Munich: – Chairman of the Supervisory Board **
Klaus-Jürgen Sontowski	– GRR AG, Erlangen: Chairman of the Supervisory Board – Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Deputy Chairman of the Supervisory Board – Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Deputy Chairman of the Supervisory Board
Michael Bock	– KDV Kapitalbeteiligungsgesellschaft der Deutschen Versicherungswirtschaft AG, Berlin: Deputy Chairman of the Supervisory Board – DICP Capital SE, Munich: Member of the Supervisory Board – MEDICLIN Aktiengesellschaft, Frankfurt: Member of the Supervisory Board
Russell C. Platt	– DIC Capital Partners Beteiligungs GmbH, Munich: Member of the Supervisory Board ** – DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: Member of the Supervisory Board ** – South Asian Asset Management Ltd, United Kingdom, Isle of Man: non-executive Chairman of the Management Board – Duet India Hotels Asset Management Limited, Isle of Man: Member of the Supervisory Board – Crown Mortgage Management Limited, United Kingdom, Ipswich: Member of the Supervisory Board – Bluestone Group PTY Limited, Australia: Member of the Supervisory Board

* Membership as defined in § 100 Para. 2 Sentence 2 AktG
** Supervisory Board not formed on the basis of legal requirements

Management Board

The members of the Management Board are:

Mr. Ulrich Höller (Chairman),
CEO, Master of Economics, Real Estate economist (ebs),
Chartered Surveyor FRICS, Dreieich-Buchschlag;

Mr. Markus Koch, CFO (Deputy Chairman),
Master of Business Administration, Elz;

Mr. Ulrich Höller was a member of the bodies/supervisory bodies of the following companies in the 2012 financial year:

- DIC Beteiligungs AG, Frankfurt: Chief Executive Officer
- DIC Opportunistic GmbH, Frankfurt: Member of the Supervisory Board
- DIC Onsite GmbH, Frankfurt: Chairman of the Supervisory Board
- DIC Capital Partners OpCo (Germany) GmbH & Co. KGaA, Munich: Member of the Supervisory Board
- ZIA – Zentraler Immobilien Ausschuss, Berlin: Vice Chairman and Member of the Management Board
- EPRA – European Public Real Estate Association, Brussels: Member of the Management Board

Mr. Markus Koch was a member of the bodies/supervisory bodies of the following companies in the 2012 financial year:

- DIC Onsite GmbH, Frankfurt: Member of the Supervisory Board
- EPRA – European Public Real Estate Association, Brussels: Member of the EPRA Reporting & Accounting Committee

RESPONSIBILITY STATEMENT

To the best of our knowledge and belief, we warrant that, in accordance with the accounting principles to be applied, the consolidated financial statements convey a picture of the Group's assets, liabilities, financial position and earnings that reflects actual circumstances and that business development including results and the position of the Group are presented in such a way in the Group report, which is combined with the DIC Asset AG management report, to give a picture that corresponds to actual circumstances and describes the material opportunities and risks of the company's and the Group's anticipated development over the rest of the financial year.

Frankfurt am Main, 4 March 2013

The Management Board

Ulrich Höller

Markus Koch

AUDITORS' REPORT

We have audited the consolidated financial statements prepared by the DIC Asset AG, comprising the consolidated balance sheet, the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the parent company, for the financial year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB are the responsibility of the parent Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and the combined group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the combined group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Nuremberg, 4 March 2013

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed Hübschmann
Wirtschaftsprüfer
(German Public Auditor)

signed Danesitz
Wirtschaftsprüfer
(German Public Auditor)

CORPORATE GOVERNANCE AT DIC ASSET AG

CORPORATE GOVERNANCE REPORT AND STATEMENT ON CORPORATE GOVERNANCE

The Management Board files a report – also on behalf of the Supervisory Board – on the company's corporate governance in accordance with clause 3.10 of the German Corporate Governance Code and, at the same time, reports on corporate governance in accordance with § 289a HGB. The section also contains the Remuneration Report.

The statement on corporate governance is a component of the management report.

Information on corporate governance practices

DIC Asset AG attaches great value to corporate governance. The Management Board and Supervisory Board feel they have an obligation to ensure the company's continued existence and the generation of sustained value added through responsible corporate governance that is focused on the long term. For DIC Asset AG, good corporate governance also includes dealing with risks in a responsible manner. The Management Board therefore makes sure that risks are adequately managed and controlled in the company (see also the comments in the Risk and Opportunities Report) and ensures that the company complies with the law as well as the recommendations of the German Corporate Governance Code in accordance with the annual Declaration of Conformity. The Management Board regularly informs the Supervisory Board of existing risks and their development. The company's internal control, reporting and compliance structures are continuously revised, enhanced and adjusted to changes in framework conditions.

In our opinion, more sophisticated corporate governance tools, such as in-house corporate governance principles or compliance guidelines, are not required at present because of the company-specific circumstances. Should the implementation of additional tools become necessary, the Management Board and Supervisory Board will respond without delay.

Current Declaration of Conformity

The Management Board and the Supervisory Board have familiarised themselves with the new elements and innovations in the German Corporate Governance Code and have dealt with the question of compliance with the recommendations in the 2012 financial year. The consultation process resulted in the adoption of an updated annual Declaration of Conformity dated 7 December 2012, which has been made permanently accessible to the public on the company's website.

The Management Board and Supervisory Board declare that DIC Asset AG complied with the recommendations of the Government Commission on the German Corporate Governance Code as published on 26 May 2010 from the date of submission of its previous Declaration of Conformity on 8 December 2011 until the announcement of the new version of the Code in the Federal Gazette on 15 June 2012, and, since then, has complied with and will continue to comply with the recommendations as published on 15 May 2012. The following exceptions applied or will apply:

- In filling management functions and the composition of the Management Board and the Supervisory Board of DIC Asset AG, the Management Board and the Supervisory Board have been guided by the company's interests and the legal requirements, and in the process focus on the candidate's technical and personal qualifications - irrespective of the candidate's gender - and will continue to do so in future. In this respect, in deviation from clause 4.1.5 and clause 5.1.2 sentence 1 of the Code, it has not striven and will not strive, as a matter of priority, to achieve appropriate participation by women with regard to filling management functions and the composition of the Management Board. Accordingly, in deviation from clause 5.4.1 of the Code, the specific targets specified by the Supervisory Board for its own composition, did not and do not envisage an appropriate participation by women, as a priority, and a target of this kind was not and is not taken into account, as a matter of priority, in the Supervisory Board's nominations for elections to the General Shareholders' Meeting.

- The members of the Management Board have been promised performance-related payments (profit-sharing bonuses) and options on so-called virtual shares as variable remuneration components. In accordance with clause 4.2.3 paragraph 2 of the Code, both positive and negative developments within the agreed assessment period are taken into consideration when determining the variable remuneration components, insofar as the payments may turn out to be correspondingly higher or lower, or may not be made at all. When they exercise the options, the members of the Management Board receive share-price-dependent payments which are based solely on the company's share price within a reference period. In deviation from clause 4.2.3 paragraph 3 of the Code, these options on virtual shares were not and are not based on "demanding, relevant comparison parameters" within the meaning of the Code. We are of the opinion that incorporating additional comparison parameters will not bring about any greater motivation or sense of responsibility.

- When concluding Management Board contracts, care should be taken to ensure that payments made to members of the Management Board if their work for the Management Board is ended early should not exceed two years' pay, including ancillary benefits (severance cap), and should remunerate no more than the residual term of their contract of employment. In deviation from clause 4.2.3 paragraph 4 of the Code, no severance cap was or is agreed when contracts are concluded with the Management Board. An agreement of this kind runs counter to the basic understanding of a Management Board contract that is routinely concluded for the duration of the period of appointment and can, in principle, not be terminated ordinarily. In addition, the company cannot enforce a cap to the severance payment unilaterally if the member's work for the Management Board is ended by mutual agreement, as is frequently the case in practice. In the event of a Management Board contract being terminated early, we shall endeavour to take account of the principle behind the recommendation.

- The Supervisory Board is required to propose suitable candidates for new appointments or reappointments to positions on the Supervisory Board by the General Shareholders' Meeting. In deviation from clause 5.3.3 of the Code, no nomination committee was or is formed for this purpose. As the six members of the Supervisory Board are only representatives of the

shareholders, and the current practice of voting proposals being prepared by the full Supervisory Board has proved to be efficient, the Supervisory Board sees no need to form a nomination committee.

▷ In deviation from Clause 5.4.1 paragraph 2 of the Code, the Supervisory Board has not specified a specific target that takes account of the number of independent members of the Supervisory Board as defined in clause 5.4.2 of the Code and will not specify such a target. Although the Supervisory Board believes that it has an appropriate number of independent members at present, the Code as published on 15 May 2012 no longer regulates the independence of members of the Supervisory Board conclusively but defines the term by specifying what it is not by means of cases, in which "in particular" independence is no longer guaranteed. Independence is also not guaranteed even if material conflicts of interest that are not only temporary may potentially arise, regardless of whether they actually do or not. Consequently, the Supervisory Board believes that the question of when independence in accordance with clause 5.4.2 of the Code is to be assumed on an individual basis is fraught with too much legal uncertainty for it to seem advisable to specify a specific number of independent members. For this reason, the Supervisory Board has chosen not to set any targets in this respect. In the absence of a corresponding target being set, in deviation from clause 5.4.1 paragraph 3 of the Code, this is not taken into account in the Supervisory Board's nominations for elections to the General Shareholders' Meeting, nor is information on the status of its implementation published.

▷ In deviation from clause 5.4.6 paragraph 1 of the Code, the Deputy Chairman of the Supervisory Board was not included in the remuneration of the Supervisory Board. We have hitherto considered separate remuneration of this kind unnecessary, since the Deputy Chairman has only rarely been required to step in to date. The Management Board and the Supervisory Board intend to propose to the next General Shareholders' Meeting in 2013 that the Articles of Association be amended to adjust the Supervisory Board's remuneration to the extent that the remuneration of the Deputy Chairman of the Supervisory Board will be taken into account in future through an appropriate increment.

▷ According to the current Articles of Association, members of the Supervisory Board are promised performance-related remuneration based on the annual dividend payment. This may thus run contrary to clause 5.4.6 paragraph 2 of the Code, which recommends that remuneration be linked to long-term business performance. The dividend payment is a key measure of success for shareholders. We consider it appropriate that members of the Supervisory Board be remunerated in accordance with criteria that are also of significance for the shareholders. In addition, no generally accepted model for implementing variable remuneration for the Supervisory Board based on long-term business performance has yet become established on the capital market. The company will continue to monitor developments for the time being.

MODUS OPERANDI AND COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Dual management structure

As a listed public limited company, the dual management structure of DIC Asset AG consists of a Management Board and a Supervisory Board. There is rigid separation of the two boards – both in terms of personnel and function – allowing each of them to perform their different duties independently. The duty of the Management Board is to manage the company autonomously, with the duty of the Supervisory Board being to monitor this management.

Close cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board work closely together in the interests of the company. This ensures that optimal use is made of the professional expertise of the Board members and speeds up decision-making processes. The Management Board keeps the Supervisory Board regularly, promptly and comprehensively informed of strategy, planning, risk exposure, internal control system and risk management, compliance, as well as current business developments. The Chairman of the Supervisory Board was also notified of material developments and decisions by the Management Board between meetings.

The Management Board performs its management role as a collegiate body. It puts forward strategic proposals and targets, discusses them with the Supervisory Board and ensures that they are implemented. In the process, it is bound to the company's interests and committed to the sustained increased in its value; it is also as well as committed to the needs of shareholders, customers, employees and other groups associated with the company. The members of the Management Board are jointly responsible for managing the entire business. Notwithstanding their overall responsibility, the individual Board members run the departments allocated to them by resolution of the Management Board autonomously. The allocation of duties between the members of the Board is clear from the business allocation schedule. The Management Board has a quorum if at least the majority of its members participate in the resolution and adopt its resolutions by a simple majority. In the event that the Management Board consists of more than two members, the Chairman, will have the casting vote if the votes are equal.

The Supervisory Board appoints and dismisses members of the Management Board and works with the Management Board to ensure long-term succession plans are in place. In the case of certain defined measures of material significance - such as major capital investments – the rules of procedure for the Management Board stipulate that the approval of the Supervisory Board is necessary. The Supervisory Board has also adopted rules of procedure. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings and protects its interests externally. An overview of the Supervisory Board's activities during the 2012 financial year is given in the Board's report.

Composition of the Boards

When filling the Management Board and the Supervisory Board as well as management functions in the Group, attention is focused, as a matter of priority, on the perception of the knowledge, skills and professional experience needed for the tasks to be performed. Considerations regarding gender are of subordinate significance here.

The Management Board of DIC Asset AG consists of two members, with Ulrich Höller as Chairman (CEO) and Markus Koch as Deputy Chairman responsible for Finance and Controlling (CFO)
.
The Supervisory Board of DIC Asset AG consists of six members, who are all elected by the General Shareholders' Meeting. The Supervisory Board has elected a Chairman and a Deputy Chairman. Members of the Supervisory Board are elected for a term of office until the end of the General Shareholders' Meeting that ratifies the actions of the Supervisory Board for the fourth financial year from the start of the term of office. The financial year in which the term of office starts is not included in this calculation. The current terms in office end at different times due to differences in the appointment dates.

The specific composition of the Supervisory Board in terms of personnel and the disclosures pursuant to § 285 No. 10 HGB are listed in the Notes.

Aims of the Supervisory Board with regard to its composition

The Supervisory Board set targets for its composition back in financial year 2010. The most important objective relates to eligibility: the Supervisory Board is to be filled in such a way that competent monitoring of and advice to the Management Board is guaranteed. As a whole, the Supervisory Board should have the requisite knowledge, skills and experience to perform its tasks. In the process, the individual qualifications of individual members may complement each other in achieving this objective. Independence and the avoidance of conflicts of interest are also important objectives: a sufficient or appropriate number of independent members should belong to the Supervisory Board. The recommendations of the German Corporate Governance Code are complied with in full with regard to conflicts of interest. The Supervisory Board has also waived its right to determine the definite number of independent members as defined in the code and has also stated no concrete objective with regard to the number of female members. The Supervisory Board considers the age limits specified in its rules of procedure: only persons under 70 should be proposed for election to the Supervisory Board. Thereafter, persons may be members of the Supervisory Board if they are particularly qualified for international requirements. However, in view of DIC Asset AG's focus on the German property market, the decision was made not to stipulate the aspect of internationality as an objective.

The aims for the composition of the Supervisory Board were also taken into consideration in the past financial year in the Supervisory Board's proposal to the General Shareholders' Meeting on 3 July 2012 that Prof. Dr. Gerhard Schmidt, Klaus-Jürgen Sontowski and Michael Bock be elected to the Supervisory Board. The current membership of the Supervisory Board therefore continues to comply with the objectives set. All members are professionally and personally qualified; they include at least one independent financial expert and a member with an international background. The Board includes an appropriate number of independent members. Former members of the Management Board of DIC Asset AG are not represented in the Supervisory Board.

Disclosure of conflicts of interest

Each member of the Management Board and Supervisory Board discloses potential conflicts of interest in compliance with the German Corporate Governance Code. No conflicts of interest arose in financial year 2012.

Effectiveness of the Supervisory Board's work

The Supervisory Board regularly examines its own effectiveness. This examination takes the form of a company-specific questionnaire, which is evaluated without delay. The results are discussed and the findings are then incorporated into the Board's future operations.

Establishment of the Audit Committee

The Supervisory Board has established an Audit Committee, which supports the Board in the performance of its duties and regularly reports to it. In particular, the Audit Committee addresses issues relating to the monitoring of the financial reporting process, the effectiveness of the internal control and risk management systems, of compliance, and finally of auditing. It assesses and monitors the independence of the auditors (also taking into account the additional services provided by the auditors) and determines the focus of the audit in consultation with them. The Audit Committee mainly meets when events merit this.

The Audit Committee has the following three members:
– Michael Bock (Chairman of the Audit Committee)
– Prof. Dr. Gerhard Schmidt
– Dr. Michael Peter Solf

The Chairman of the Audit Committee is an independent financial expert and has particular knowledge and experience in the areas of financial reporting and the auditing of financial statements from his many years of professional experience working as the CFO of an insurance company.

D&O insurance policy

There is a Directors & Officers (D&O) insurance policy for members of the Management Board and the Supervisory Board. It provides insurance for claims for damages by the company, shareholders or third parties, which may be asserted on the basis of breaches of the duty of care by the Boards. DIC Asset AG bears the costs of the insurance policy. The members of the Management Board and Supervisory Board have to pay a deductible in the event of a claim.

REMUNERATION REPORT

The following Remuneration Report is a component of the Management Report.

Remuneration system for the Management Board

The Supervisory Board sets the total remuneration of individual members of the Management Board and regularly reviews the remuneration system for the Management Board. The requirements of the law on the appropriateness of Management Board remuneration (VorstAG) were taken into account when extending contracts with the Management Board.

REMUNERATION OF THE BOARD OF DIRECTORS in Euro

	Fixed remuneration	Bonusses	Share-based remuneration	Other*	**Total 2012**	Total 2011
Ulrich Höller	429,166.65	285,000.00	365,417.50	3,852.36	**1,083,436.51**	593,419.40
Markus Koch	350,000.00	260,000.00	79,300.00	45,930.90	**735,230.90**	618,612.55
Total	779,166.65	545,000.00	444,717.50	49,783.26	**1,818,667.41**	1,212,031.95

* other remuneration includes non-monetary benefits from personal use of a company car and insurance subsidies

VIRTUAL SHARE OPTIONS

	Number of share options – earliest exercise date
Ulrich Höller	75,000 – 30.09.2013; 75,000 – 30.07.2014
Markus Koch	35,000 – 31.07.2012; 35,000 – 31.07.2014

The relationship between total remuneration and the tasks of each member of the Board, their personal achievements, the economic situation, the success and future prospects of DIC Asset AG is appropriate and is also appropriate taking account of the remuneration paid in comparable companies and the compensation paid to other people working for the company. At the same time, remuneration is focused in such a way that it is competitive.

The remuneration of the Management Board is made up of three components: it includes (i) a fixed remuneration and ancillary benefits, (ii) a variable remuneration that is dependent on the achievement of specific targets (short-term performance-related component) and (iii) a share-based component (long-term incentive component).

(i) Fixed remuneration and ancillary benefits
The fixed remuneration is paid in equal monthly instalments. The ancillary benefits consist of the provision of a company car, a mobile telephone and insurance subsidies, particularly for accident and medical insurance.

(ii) Variable, performance-related compensation
The Management Board´s variable, performance-related remuneration (profit-sharing) is based on the operating results of the DIC Asset Group and, consequently and therefore takes account of both positive and negative developments.

A positive operating result for the DIC Asset Group is prerequisite for the granting of profit-sharing for all members of the Management Board. The amount of profit-sharing is based on the extent to which corporate and personal targets were achieved. Corporate and personal targets are each given a 50% weighting by the Supervisory Board when setting profit-sharing. The amount of profit-sharing is limited to 70% of the fixed remuneration. The Supervisory Board decides on profit-sharing once a year by either 30 April or 31 May of the following year. Payment of profit-sharing takes place on the last bank working day of the month in which the Supervisory Board decides on profit-sharing.

(iii) Share-based remuneration as a long-term incentive
In addition, members of the Management Board hold options on so-called "virtual" shares in DIC Asset AG, which also take account of both positive and negative developments. The number of options granted is specified in individual contracts. Options are fictitious and only guarantee the right to cash payment. The exercise of the options is linked to a specific number of years' service (vesting period). The duration of the vesting period is regulated by contract and amounts to between 16 and 48 months. When exercising the options the special allowance is determined as the positive difference between the average of the closing prices in a reference period of ten trading days before the option is exercised and the contractual exercise price of EUR 2.90 (Ulrich Höller) or EUR 6.00 (Markus Koch) per virtual share. The market value of the options on 31.12.12 amounted to TEUR 334. During the 2012 financial year, a total of 150,000 new options to virtual shares were issued to members of the Management Board.

Activities that are performed by the members of the Management Board in management and/or supervisory functions for DIC Asset AG's subsidiaries or associated companies are covered by the Management Board compensation paid for DIC Asset AG.

REMUNERATION OF THE SUPERVISORY BOARD in Euro

	Fixed remuneration	Variable remuneration	Committee membership remuneration	**Total 2012**	Total 2011
Prof. Dr. Gerhard Schmidt (Chairman)	30,000.00	25,565.00	2,500.00	**58,065.00**	58,065.00
Klaus-Jürgen Sontowski (Vice Chairman)	15,000.00	12,782.00		**27,782.00**	27,782.00
Michael Bock	15,000.00	12,782.00	5,000.00	**32,782.00**	32,782.00
Dr. Michael Peter Solf (since 6.7.2011)	15,000.00	12,782.00	2,500.00	**30,282.00**	14,804.53
Russell C. Platt	15,000.00	12,782.00		**27,782.00**	27,782.00
Bernd Wegener	15,000.00	12,782.00		**27,782.00**	27,782.00
Hellmar Hedder (until 5.7.2011)		86.74		**86.74**	15,477.47
Total	105,000.00	89,561.74	10,000.00	**204,561.74**	204,475.00

Termination of Management Board membership

With the exception of a Management Board contract covering the eventuality of a change of control, no Management Board contracts contain an express undertaking to provide a severance payment. Contrary to the recommendation given in section 4.2.3 of the German Corporate Governance Code, no agreement has been made that payments, including fringe benefits, to Management Board members who leave the Management Board early should not exceed the value of two years' remuneration (settlement cap) and should not reimburse more than the remaining period of the contract of employment.

In the event of a change of control, the Chairman of the Management Board, Ulrich Höller, has the right to prematurely terminate his contract of employment. When exercising his right to terminate, Mr Höller is entitled to receive a payment of twice his total annual earnings in the financial year which ended at least 18 months before the change of control.

If a Management Board member dies during the term of his contract with the Management Board, in the case of Ulrich Höller, the fixed annual salary and, in the case of Markus Koch, the total remuneration are to be paid pro rata temporis to their surviving dependants for a period of six months after the end of the month in which the Management Board member died. If a Management Board member becomes permanently incapable of working during the term of his contract, the contract will end three months after the end of the half-year in which his permanent incapacity was established. In the event of illness, remuneration will be paid for a term of six months, however, at the latest until the contract ends.

Management Board remuneration in financial year 2012

In addition to his work for DIC Asset AG, the Chairman of the Management Board, Ulrich Höller, also held the position of Chairman of the Management Board of Deutsche Immobilien Chancen Beteiligungs AG in financial year 2012. The total compensation of the members of the Management Board granted by DIC Asset AG amounted to TEUR 1,819 in 2012.

Remuneration of members of the Supervisory Board

Supervisory Board remuneration is based on § 10 of the Articles of Incorporation of DIC Asset AG. Each member receives remuneration appropriate to his work, which is made up of fixed and variable performance-related remuneration. Members of the Supervisory Board receive fixed compensation of EUR 15,000 for each full financial year. As a variable, performance-dependent fee, each member receives EUR 2,556.46 for each percentage point of dividend over the rate of seven percent, calculated on the amount of equity, that is distributed, but no more than EUR 12,782.30. The Chairman receives double the fixed and variable compensation. In addition to the remuneration, each member of the Supervisory Board receives reimbursement of his expenses, including value added tax. The company assumed Supervisory Board taxes amounting to TEUR 12.

For membership of a committee which has met at least once during the financial year, the members of the Supervisory Board also receive compensation of EUR 2,500 per committee for each full financial year of their membership of this committee, but not exceeding EUR 5,000 in total. The Chairman of a Supervisory Board committee receives twice this additional compensation.

In 2012, total remuneration of the members of the Supervisory Board amounted to TEUR 205. In addition, TEUR 24 (previous year: TEUR 602) in fees for services received was paid to the law firm Weil, Gotshal & Manges LLP, in which the Prof. Dr. Gerhard Schmidt, the Chairman of the Supervisory Board, is a partner. The Supervisory Board approved the instruction in financial year 2011, with the Chairman of the Supervisory Board abstaining. The services for which remuneration was paid in financial year 2012 related to follow-up legal work in relation to the acquisition of the Galeria Kaufhof properties.

Directors' Dealings

In the 2012 financial year, DIC Asset AG has not reported any securities transactions by members of the Management Board and the Supervisory Board or by persons related to the members of the Boards pursuant to § 15a WpHG.

Shares held by members of the Management Board and Supervisory Board

The members of the Management Board and of the Supervisory Board each hold less than one percent of issued shares. However, 35.44% of the voting rights in DIC Asset AG are attributed to the Chairman of the Supervisory Board, Prof. Dr. Gerhard Schmidt, in accordance with § 22 para. 1 sentence 1 No. 1 WpHG, which are held by Deutsche Immobilien Chancen AG & Co. KGaA and its subsidiaries DIC Opportunity Fund GmbH, as well as DIC Beteiligungsgesellschaft bürgerlichen Rechts.

OTHER DISCLOSURES

Shareholders and General Shareholders' Meeting

In the General Shareholders' Meeting, shareholders of DIC Asset AG exercise their rights. The ordinary General Shareholders' Meeting takes place once a year. Every shareholder who registers in good time is entitled to take part in the General Shareholders' Meeting, to vote with his registered shares and to pose questions to the Management Board. Each share gives entitlement to one vote in the ballots.

Shareholders who cannot participate in person have the opportunity to arrange for their voting rights to be exercised in the General Shareholders' Meeting by a bank, an association of shareholders, the proxy or proxies of DIC Asset AG acting according to instructions or any other authorised individual.

Transparent communication

We issue a detailed report each quarter on the development of business and the asset, financial and earnings situation and inform our shareholders in an open, prompt and transparent manner about the DIC Asset AG business model as well as of any news or changes. We also published our first Sustainability Report in 2012. We describe communications with our shareholders and business partners in detail in the chapter entitled "Investor relations and the capital market".

Financial reporting and auditing

DIC Asset AG prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), taking account of the recommendations of EPRA, while separate financial statements are compiled in accordance with HGB. The financial statements for the whole year are drawn up by the Management Board and verified by the auditor and the Supervisory Board. The quarterly and half-year reports are discussed and approved with the Supervisory Board prior to their publication. The Supervisory Board proposes an auditor on the recommendation of the Audit Committee, who is then chosen by the General Shareholders' Meeting. The auditor makes a statement of independence to the Supervisory Board. In addition, it has been agreed with the auditors that they would report to the Supervisory Board immediately of any possible grounds for exclusion or bias that may arise during the audit.

Risk management

Good Corporate Governance also includes dealing with risks in a responsible ma hanced and adjusted to changes in framework conditions. Key features of the control and risk management systems are presented in the Risk and Opportunities Report.

REPORT OF THE SUPERVISORY BOARD

Advisory, monitoring and reviewing role of the Supervisory Board

In financial year 2012, the Supervisory Board of DIC Asset AG regularly and diligently monitored the management by the Management Board and advised both on strategic corporate development and significant individual measures.

The Management Board ensured that the Supervisory Board was regularly, promptly and fully informed over the course of the financial year through written and oral reports. The reports set out all relevant information on significant issues regarding strategy and corporate planning, the situation and development of the company and the Group, the risk situation, the internal control system, risk management and compliance as well as important transactions. Deviations from planned business development were explained in detail by the Management Board and discussed by the Supervisory Board. The Supervisory Board was involved in all material decisions at an early stage and – to the extent necessary and in the interests of the company – gave its approval after examining and discussing them in depth.

In 2012, the Supervisory Board met for five ordinary meetings and a further six extraordinary meetings. The majority of the extraordinary meetings were held as telephone conferences. Only one member of the Supervisory Board attended fewer than half of the meetings. The Chairman of the Supervisory Board was also notified of material developments and decisions by the Management Board between meetings and discussed the company's prospects and future direction with the Management Board in individual discussions of strategy. Members of the Management Board participated in all meetings of the Supervisory Board except for the constituent meeting in July 2012.

At nearly every ordinary meeting, the Management Board explained operational business developments (with particular reference to letting, acquisitions and sales), the trend in sales and earnings as well as the financial position, with each issue then being discussed jointly. The reports of the Management Board

and, where necessary, the written proposals for resolutions, were all made available to the Supervisory Board for preparation in good time as a basis for their advice and decisions. The Supervisory Board was informed of particularly important business events by the Management Board in detail and always without delay. Where justified, decisions were also adopted by written vote.

Focal points of the meetings of the Supervisory Board

▷ February 2012
In an extraordinary meeting, the Management Board explained its intention to simplify presentation of the real estate segments and adjust it to business development, primarily in order to make communication clearer. After discussion, the Supervisory Board approved the new portfolio segmentation, which will start from financial year 2012.

▷ March 2012
The ordinary meeting focused on the results of the previous meeting of the Audit Committee, which were debated and discussed in detail. The annual financial statements for financial year 2011 were drawn up and the consolidated financial statements were approved. The Supervisory Board examined the proposed distribution of profits and endorsed the proposal. The Supervisory Board also completed its examination of the dependent company report for financial year 2011.

The Supervisory Board discussed the agenda for the 2012 General Shareholders' Meeting including its recommendations for the pending elections to the Supervisory Board. The Supervisory Board's written report to the General Shareholders' Meeting was adopted. The proposed resolutions for the General Shareholders' Meeting were approved in principle. The proposed resolutions for the General Shareholders' Meeting were subsequently adopted by written circulation.

The company's first sustainability report was also presented, discussed and approved for publication. Current business development with acquisitions, sales and rentals was also discussed by the Supervisory Board. In addition, planned activities relating to the Opera Offices and MainTor project developments were presented and the Management Board's proposal was approved.

▷ May 2012
The Management Board reported on the results of the first quarter at an extraordinary meeting. After discussion, the report on the first quarter of 2012 was released for publication.

Analysts' reactions to the figures for the first quarter and the changes to the portfolio segmentation were the subject of the ordinary meeting of the Supervisory Board. The Supervisory Board also discussed financing activities, contractual agreements with the previous tenant and possible forward deals in relation to the MainTor project development. Finally, refinancing activities, the integration of portfolio management within DIC Onsite as well as planned acquisitions for the funds segment and the marketing of the second "DIC HighStreet Balance" fund were debated.

▷ July 2012
Following the 2012 ordinary General Shareholders' Meeting, a constituent meeting of the Supervisory Board took place, at which the Chairman and Deputy Chairman of the Supervisory Board and members of the Audit Committee were re-elected.

The status of the negotiations on the planned forward deal for the MainTor Panorama and MainTor Patio construction stages was explained at an extraordinary meeting. After discussion, the Supervisory Board agreed to the Management Board's proposal.

▷ August 2012
At an extraordinary meeting, the Management Board reported on the results for the second quarter as well as progress in letting, the MainTor project development and the sale of the Bienenkorbhaus. After discussion, the report on the second quarter of 2012 was released for publication.

▷ September 2012
Apart from business development and the preview of the results for the third quarter of 2012, one issue addressed by the ordinary meeting was the current state of play as regards financing, for which an overview of the current discussions and plans was provided. The terms negotiated for the sale of the Bienenkorbhaus were also debated and the Supervisory Board approved them. The Management Board also presented the current plans for ongoing project developments and the increase in the corporate bond. In addition, the Management Board provided an outlook of the planned measures to reduce debt. After an initial discussion, the decision was taken to debate these issues in more detail at a special strategy meeting.

▷ November 2012
At an extraordinary meeting, the Management Board reported on the results of the third quarter and on the provisional findings of the random audit of the 2010 consolidated financial statements by the German Financial Reporting Enforcement Panel (DPR), the implications and treatment of which were deliberated jointly with the Management Board. After discussion, the report on the third quarter of 2012 was released for publication.

As a strategy meeting, the issues of financing and the strategic positioning of DIC Asset AG were the subject of the ordinary meeting of the Supervisory Board. In addition to the intensive analysis of the initial situation, several possibilities were debated as to how an optimised financing structure could be achieved through various measures and what implications these measures would have for the balance sheet. After extensive discussion, the Management Board was asked to develop a specific package of measures and present it to the Supervisory Board at one of its next meetings.

▷ December 2012
The deliberations on the issues addressed in the preceding strategy meeting were continued at this ordinary meeting. Additional topics included the outlook for the fourth quarter and financial year 2012. The budget planning for 2013 and the planned acquisition and sales activities were discussed, as were letting measures, and the proposal was approved. The Management Board also presented information on the marketing situation for the "DIC HighStreet Balance" fund. An update of the 2011 sustainability report was also presented, which the Supervisory Board authorised for publication.

Report by the Audit Committee

The Supervisory Board has established an Audit Committee to ensure that work is allocated and carried out efficiently. In particular, it is involved with the financial statements and the audit of the annual financial statements (here, in particular, the independence of the auditor, the additional services provided by the auditor, the issue of the mandate to the auditor and the setting of priorities for the audit and the agreement of fees), the effectiveness of the internal control system, the risk management system and compliance. The Chairman of the Audit Committee provided regular, detailed reports on the committee's work to the plenary meetings of the Supervisory Board.

Mr Michael Bock, Chairman of the Audit Committee, is an independent financial expert and has particular knowledge and experience in the areas of financial reporting and the auditing of financial statements as the long-standing CFO of a German insurance company. Additional members are the Chairman of the Supervisory Board Prof. Gerhard Schmidt and Dr Michael Peter Solf.

The Audit Committee met twice in 2012. The March 2012 meeting focused on the accounting documents for financial year 2011. With particular consideration of the auditing focal points determined beforehand by the Audit Committee in coordination with the auditor, the annual and consolidated financial statements for financial year 2011 along with the summarised management report and Group management report, as well as the associated audit reports, were examined and discussed in detail at the meeting in the presence of the auditor. In this context, the Audit Committee also received reports on risk management and the risk early warning system as well as the internal control system, and the results of the real estate valuation. At the meeting in September 2012, the Chairman of the Audit Committee reported on the audit review of the interim report on the first half-year. In addition, the Management Board reported on the current development of business. The Management Board also informed the Audit Committee of the state of play regarding the ongoing random audit of the 2010 consolidated financial statements by the DPR. The auditing focus for the 2012 annual financial statements was also discussed and determined.

Recommendations were approved for the resolutions of the Supervisory Board on the accounting documents for financial year 2011 and the proposed choice of auditor for financial year 2012. The Audit Committee had already satisfied itself of the independence of the proposed auditor.

Corporate governance reviewed, declaration updated

During the year under review, the Supervisory Board regularly dealt with the company's corporate governance. In November 2012, the Supervisory Board dealt with the changes to the recommendations of the German Corporate Governance Code as at 15 May 2012 in depth. It came to the conclusion that it has an appropriate number of independent members. In this connection, the Supervisory Board opted not to specify a figure for its target composition. The Supervisory Board issued the current declaration of conformity with the recommendations of the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act together with the Management Board in December 2012 and made it available on the company's website. The Board of Directors provides a detailed report – on behalf of the Supervisory Board as well – on corporate governance in the "Corporate Governance Report" section of the annual report.

No conflicts of interest

Each member of the Supervisory Board discloses potential conflicts of interest in compliance with the German Corporate Governance Code. No conflicts of interest arose in financial year 2012.

Annual and consolidated financial statements 2012 audited and approved

The Management Board prepared the annual financial statements for financial year 2012 in accordance with the German Commercial Code, the consolidated financial statements in accordance with IFRS, as applicable in the EU, and with the commercial law regulations to be applied in addition pursuant to Section 315a (1) of the German Commercial Code, as well as the management report summarised with the Group management report. These items were audited by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, appointed as auditors at the General Shareholders' Meeting on 3 July 2012, and an unqualified audit opinion was issued for each of them.

All of these documents were considered at the meetings of the Audit Committee and the Supervisory Board on 4 March 2013 attended by representatives of the auditor, who reported on the principal results of their examination and confirmed that there were no significant weaknesses in the internal control and risk management process relating to the financial reporting process. They were presented to the members of the Committee and the Supervisory Board for comprehensive discussion. There were no circumstances that could suggest any bias on the part of the auditor.

The Audit Committee, to which the auditor's statements and reports were submitted in good time for a preliminary audit, reported to the Supervisory Board on the essential content and results of its preliminary audit, and issued recommendations for the Supervisory Board's resolutions.

The Supervisory Board, which was also provided with the documents and audit reports in good time, audited the annual and consolidated financial statements for financial year 2012, the management report summarised with the Group management report and the Management Board's proposal for the distribution of profits, taking into account the Audit Committee's report. The Supervisory Board concurred with the results of the auditor's audit. On the basis of its own audit, the Supervisory Board established that it had no cause for objections against the annual financial statements and consolidated financial statements or against the summarised management report and Group management report. The Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board in line with the recommendation of the Audit Committee. The annual financial statements of DIC Asset AG are hereby approved.

Proposed distribution of profits

In connection with the proposal for the distribution of profits by the Management Board, the Audit Committee and the entire Supervisory Board also discussed the balance sheet policy and financial planning. On the basis of its own audit, the Supervisory Board supports the proposal on the distribution of profits by the Management Board.

Relationships with affiliates reviewed

The Management Board prepared a report on relationships with affiliates for financial year 2012. The auditor has audited this report, reported on the findings in writing and issued the following unqualified certificate:

"According to our properly considered audit and evaluation, we confirm that

1. the actual information in the report is correct,
2. in the legal transactions mentioned in the report, under the circumstances known at the time they were undertaken, the consideration paid by the company was not disproportionately high."

The Management Board's report and the auditor's report were also made available to the individual members of the Supervisory Board in good time. These reports were discussed in depth in the meetings of the Audit Committee and the Supervisory Board. The representatives of the auditor who participated in the meetings reported on the material findings of their audit. The Supervisory Board approved the Management Board's report on relationships with affiliates following its own audit and also seconded the result of the audit of the report by the auditor. As a result of its own audit, the Supervisory Board established that it had no reason to object to the declaration made by the Management Board on relationships with affiliated companies, presented at the end of the report.

Auditor proposed

The Audit Committee recommended to the Supervisory Board that it propose to the General Shareholders' Meeting the commissioning of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft to audit the annual financial statements and consolidated financial statements for financial year 2013 and to review the interim report. On the basis of this recommendation, the Supervisory Board adopted a proposal to this effect for submission to the General Shareholders' Meeting.

Composition of the Management Board and Supervisory Board

The Supervisory Board has extended the appointment of Mr Ulrich Höller as member and Chairman of the Management Board and the term of his contract of employment until 31 December 2015. The terms in office of Prof. Gerhard Schmidt, Klaus-Peter Sontowski and Michael Bock ended as scheduled on conclusion of the General Shareholders' Meeting on 3 July 2012. The General Shareholders' Meeting on 3 July 2012 re-elected Prof. Gerhard Schmidt, Klaus-Peter Sontowski and Michael Bock to the Supervisory Board, at the suggestion of the Supervisory Board, for a term until the end of the General Shareholders' Meeting which decides to ratify the actions of the Boards for financial year 2016. In its subsequent constituent meeting, the Supervisory Board re-elected Prof. Schmidt as Chairman and Mr Sontowski as Deputy Chairman of the Supervisory Board.

The Supervisory Board would like to thank the Management Board and the employees for their dedication and hard work during the past financial year.

Frankfurt am Main, 4 March 2013

The Supervisory Board

Prof. Dr. Gerhard Schmidt
- Chairman -

Overview: Appendix 1 to the notes on the consolidated financial statements

Consolidated subsidiaries

Name and registered office of company	Interest (%)*
DIC Asset Beteiligungs GmbH, Erlangen	100.0
DIC Fund Balance GmbH, Frankfurt	100.0
DIC Office Balance I GmbH, Frankfurt (formerly DIC Fund Balance GmbH)	100.0
DIC HighStreet Balance GmbH, Frankfurt	100.0
DIC Objekt EKZ Duisburg GmbH, Frankfurt am Main	100.0
DIC Objekt Zeppelinheim GmbH, Frankfurt am Main	100.0
DIC Objekt ZB GmbH, Frankfurt am Main	100.0
DIC Objekt Stolberger Str GmbH, Frankfurt am Main (since 21.12.2012)	100.0
DIC Objekt Köln 1 GmbH, Frankfurt am Main	100.0
DIC Objekt Nürnberg GmbH, Frankfurt am Main	100.0
DIC Objekt Hannover GmbH, Frankfurt am Main	100.0
DIC RMN-Portfolio GmbH, Frankfurt am Main	100.0
DIC Objekt Stadthaus Offenbach GmbH, Frankfurt am Main	100.0
DIC Objekt Dreieich GmbH, Frankfurt am Main	100.0
DIC Objekt Darmstadt GmbH, Frankfurt am Main	100.0
DIC Objekt Velbert GmbH, Frankfurt am Main	100.0
DIC Objekt Alsbach GmbH, Frankfurt am Main	100.0
DIC Objekt Alsbach 2 GmbH, Frankfurt am Main	100.0
DIC Objekt Hemsbach GmbH, Frankfurt am Main	100.0
DIC RMN Objekt 1 GmbH, Frankfurt am Main	100.0
DIC RMN Objekt 2 GmbH, Frankfurt am Main	100.0
DIC RMN Objekt 3 GmbH, Frankfurt am Main	100.0
DIC RP Portfolio GmbH, Frankfurt am Main	100.0
DIC RP Objekt Bochum GmbH, Frankfurt am Main	100.0
DIC RP Objekt Essen GmbH, Frankfurt am Main	100,0
DIC RP Objekt Stadtbadgalerie Bochum GmbH, Frankfurt am Main	100.0
DIC RP Objekt 1 GmbH, Frankfurt am Main	100.0
DIC RP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC AP Portfolio GmbH, Frankfurt am Main	100.0
DIC AP Objekt Augustaanlage GmbH, Frankfurt am Main	100.0
DIC AP Objekt Coblitzweg GmbH, Frankfurt am Main	100.0
DIC AP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0
DIC AP Objekt Insterburger Str. 5 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Insterburger Str. 7 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Königsberger Str. 1 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Königsberger Str. 29 GmbH, Frankfurt am Main	100.0
DIC AP Objekt P6 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Stuttgarter Str. GmbH, Frankfurt am Main	100.0
DIC AP Objekt Konstanz GmbH, Frankfurt am Main	100.0
DIC AP Objekt 1 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 3 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 4 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 5 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 7 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 8 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 9 GmbH, Frankfurt am Main	100.0
DIC Asset Portfolio GmbH, Frankfurt am Main	100.0

Name and registered office of company	Interest (%)*
WACO Projektmanagement AG, Luxemburg	100.0
DIC Asset AP GmbH, Frankfurt am Main	100.0
DIC Asset OP GmbH, Frankfurt am Main	100.0
DIC Asset DP GmbH, Frankfurt am Main	100.0
DIC OF Reit 1 GmbH, Frankfurt am Main	100.0
DIC OF Reit 2 GmbH, Frankfurt am Main	100.0
DIC 27 Portfolio GmbH, Frankfurt am Main	100.0
DIC OP Portfolio GmbH, Frankfurt am Main	100.0
DIC OP Objekt Darmstadt GmbH, Frankfurt am Main	100.0
DIC OP Objekt Duisburg GmbH, Frankfurt am Main	100.0
DIC OP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0
DIC OP Objekt Hamburg GmbH, Frankfurt am Main	100.0
DIC OP Objekt Hannover GmbH, Frankfurt am Main	100.0
DIC OP Objekt Leverkusen GmbH, Frankfurt am Main	100.0
DIC OP Objekt Mannheim GmbH, Frankfurt am Main	100.0
DIC OP Objekt Marl GmbH, Frankfurt am Main	100.0
DIC OP Objekt München-Grünwald GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 1 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 2 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 3 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 4 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC VP Portfolio GmbH, Frankfurt am Main	100.0
DIC VP Objekt Bonn GmbH, Frankfurt am Main	100.0
DIC VP Objekt Köln ECR GmbH, Frankfurt am Main	100.0
DIC VP Objekt Köln Silo GmbH, Frankfurt am Main	100.0
DIC VP Objekt Düsseldorf Nordstraße GmbH, Frankfurt am Main	100.0
DIC VP Objekt Düsseldorf Nürnberger Straße GmbH, Frankfurt am Main	100.0
DIC VP Objekt Moers GmbH, Frankfurt am Main	100.0
DIC VP Objekt Neubrandenburg GmbH, Frankfurt am Main	100.0
DIC VP Objekt Saalfeld GmbH, Frankfurt am Main	100.0
DIC VP Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC DP Portfolio GmbH, Frankfurt am Main	100.0
DIC DP Wiesbaden Frankfurter Straße 50 GmbH & Co.KG, Frankfurt a. M.	100.0
DIC DP Wiesbaden Frankfurter Straße 46-48 GmbH, Frankfurt am Main	100.0
DIC DP Hamburg Halenreie GmbH, Frankfurt am Main	100.0
DIC DP Düsseldorf Erkrather Straße GmbH & Co.KG, Frankfurt am Main	100.0
DIC DP Mönchengladbach Stresemannstraße GmbH, Frankfurt am Main	100.0
DIC DP Berlin Rosenthalerstraße GmbH & Co.KG, Frankfurt am Main	100.0
DIC DP Langenselbold Am Weiher GmbH, Frankfurt am Main	100.0
DIC DP München Hanauer Straße GmbH, Frankfurt am Main	100.0
DIC DP Halbergmoos Lilienthalstraße GmbH, Frankfurt am Main	100.0
DIC DP Objekt 1 GmbH 6 Co.KG, Frankfurt am Main	100.0
DIC DP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 3 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 4 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 5 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC DP Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0

Name and registered office of company	Interest (%)*
DIC 25 Portfolio GmbH, Frankfurt am Main	100.0
DIC 25 Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC 25 Objekt Bremen GmbH, Frankfurt am Main	100.0
DIC 25 Objekt Chemnitz GmbH, Frankfurt am Main	100.0
DIC 26 Portfolio GmbH, Frankfurt am Main	100.0
DIC 26 Leipzig GmbH, Frankfurt am Main	100.0
DIC 26 Regensburg GmbH, Frankfurt am Main	100.0
DIC 26 Frankfurt-Taunusstraße GmbH, Frankfurt am Main	100.0
DIC 26 Frankfurt-Kaiserstraße GmbH, Frankfurt am Main	100.0
DIC 26 München GmbH, Frankfurt am Main	100.0
DIC 26 Langenhagen GmbH, Frankfurt am Main	100.0
DIC 26 Erfurt GmbH, Frankfurt am Main	100.0
DIC 26 Bonn GmbH, Frankfurt am Main	100.0
DIC 26 Schwaben GmbH, Frankfurt am Main	100.0
DIC 26 Wiesbaden GmbH, Frankfurt am Main	100.0
DIC 26 Köln GmbH, Frankfurt am Main	100.0
DIC 26 Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC MainTor Real Estate 1 GmbH, Frankfurt am Main	100.0
DIC Objekt Braunschweig GmbH, Frankfurt am Main	94.8
DIC Objektsteuerung GmbH, Frankfurt am Main	94.8
Deutsche Immobilien Chancen Objekt Mozartstr. 33a GmbH, Frankfurt am Main	94,.
DIC Objekt Frankfurt 1 GmbH & Co. KG, Frankfurt am Main	94.0
Gewerbepark Langenfeld West 3 GmbH & Co. KG, Bielefeld	99.5
Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH, Frankfurt am Main	90.0
Deutsche Immobilien Chancen Objektbeteiligungs GmbH, Frankfurt am Main	90.0
DIC ONSITE GmbH, Frankfurt am Main	100.00
DIC EB Berlin GmbH, Frankfurt am Main	100.00
DIC Objekt Berlin 1 GmbH, Frankfurt am Main	100.00
DIC Objekt Berlin 2 GmbH, Frankfurt am Main	100.00
DIC Objekt Berlin 3 GmbH, Frankfurt am Main	100.00
DIC Zeil Portfolio GmbH, Frankfurt am Main	100.00
DIC Frankfurt Objekt Zeil GmbH, Frankfurt am Main (until 28.12.2012)	100.00
DIC Frankfurt Objekt Hasengasse GmbH, Frankfurt am Main	100.00
DIC Frankfurt Objekt Börsenplatz GmbH, Frankfurt am Main	100.00
DIC Frankfurt Objekt 3 GmbH, Frankfurt am Main	100.00
DIC LB Portfolio GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt Bundesallee GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt Hardenbergstraße GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt Berliner Straße GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt Frankfurt GmbH & Co.KG, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt Arnulfstraße GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt Badensche Straße GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt Cottbus GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt 1 GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt 2 GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt 3 GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt 4 GmbH, Frankfurt am Main	100.00
DIC Berlin Portfolio Objekt 5 GmbH, Frankfurt am Main	100.00

* Interest equals the share of voting rights

Overview: Appendix 2 to the notes on the consolidated financial statements

Indirect and direct holdings of 20% and 40%

Name and registered office of company	Interest (%)*
DIC MainTor GmbH, Frankfurt am Main	40.0
DIC MainTor Porta GmbH, Frankfurt am Main	40.0
DIC MainTor Primus GmbH, Frankfurt am Main	40.0
DIC MainTor WinX GmbH, Frankfurt am Main (vormals DIC MainTor Südareal GmbH)	40.0
DIC MainTor Panorama GmbH, Frankfurt am Main	40.0
DIC MainTor Palazzi GmbH, Frankfurt am Main	40.0
DIC MainTor Patio GmbH, Frankfurt am Main	40.0
DIC MainTor Zweite Beteiligungs GmbH & Co.KG, Frankfurt am Main	40.0
DIC MainTor Verwaltungs GmbH, Frankfurt am Main	40.0
DIC MainTor III GmbH, Frankfurt am Main	20.0
DIC Deutsche Immobilien Chancen Real Estate GmbH, Frankfurt am Main	40.0
DIC Special Situations GmbH & Co.KG, Frankfurt am Main	40.0
DIC Special Situations Verwaltungs GmbH, Frankfurt am Main	40,0
DIC GMG GmbH, Frankfurt am Main	20.0
WACO Beteiligungs GmbH, Frankfurt am Main	20.0
DIC Office Balance I , Frankfurt am Main**	20.0
DIC HighStreet Balance , Frankfurt am Main***	20.0
DIC MSREF HMDD Portfolio GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Düsseldorf GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Essen GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Frankfurt GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Randolfszell GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 1 GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 2 GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 3 GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 4 GmbH, Frankfurt am Main	20.0
DIC MSREF HT Portfolio GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Düsseldorf GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Erfurt GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Hamburg GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Krefeld GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Mannheim GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Mörfelden-Walldorf GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Neu-Ulm GmbH, Frankfurt am Main	20,0
DIC MSREF FF Südwest Portfolio GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Objekt München 1 GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Objekt München 2 GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Objekt Nürnberg GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Objekt Heilbronn GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Objekt Mainz GmbH, Frankfurt am Main	20.0
DIC BW Portfolio GmbH, Frankfurt am Main	20.0
DIC Development GmbH, Frankfurt am Main	20.0

* Interest equals the share of voting rights
** 14% share of voting rights
*** 17% share of voting rights

Name and registered office of company	Interest (%)*
DIC Opportunistic GmbH, Frankfurt am Main	20.0
DIC HI Portfolio GmbH, Frankfurt am Main	20.0
DIC HI Objekt Berlin Landsbergerstrasse GmbH, Frankfurt am Main	20.0
DIC HI Objekt Frankfurt Theodor-Heuss Allee GmbH, Frankfurt am Main	20.0
DIC HI Objekt Hamburg Kurt-Schumacher Allee GmbH, Frankfurt am Main	20.0
DIC HI Objekt Hamburg Steindamm GmbH, Frankfurt am Main	20.0
DIC HI Objekt Koblenz Frankenstrasse GmbH, Frankfurt am Main	20.0
DIC HI Objekt Koblenz Rizzastrasse GmbH, Frankfurt am Main	20.0
DIC HI Objekt Köln GmbH, Frankfurt am Main	20.0
DIC HI Objekt Neu-Isenburg GmbH, Frankfurt am Main	20.0
DIC HI Objekt Ratingen GmbH, Frankfurt am Main	20.0
DIC HI Objekt Schaumainkai GmbH, Frankfurt am Main	20.0
DIC HI Objekt 1 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 2 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 3 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 4 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 5 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 6 GmbH & Co.KG, Frankfurt am Main	20.0
DIC HI Objekt 7 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 8 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 9 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 10 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 11 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 12 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 13 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 14 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 15 GmbH, Frankfurt am Main	20.0
DIC HI Betriebsvorrichtungs GmbH, Frankfurt am Main	20.0
DIC Hamburg Portfolio GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Dammtorstrasse GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Ernst Mantinusstrasse GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Großmannstrasse GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Harburger Ring GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Marckmannstrasse GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Schädlerstrasse GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Schlossstrasse GmbH & Co.KG, Frankfurt am Main	20.0
DIC Hamburg Objekt Schwenkestrasse GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 1 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 2 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 3 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 4 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 5 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 6 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 7 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 8 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 9 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 10 GmbH, Frankfurt am Main	20.0

* Interest equals the share of voting rights

Announcements pursuant to § 160 Para. 1 Nr. 8 AktG

a. DIC Beteiligungsgesellschaft bürgerlichen Rechts, Frankfurt am Main, Germany, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 10% on 30 July 2012 and now stands at 7.19% (corresponding to 3,285,630 votes).

b. DIC Dritte Beteiligungsverwaltung GmbH, Frankfurt am Main, Germany, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the levels of 5% and 3% on 27 July 2012 and now stands at 0.00% (corresponding to 0 votes).

c. BNP Paribas Investment Partners S.A., Paris, France, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 3% on 24 January 2012 and now stands at 2.93% (corresponding to 1,338,422 votes). Of these, 2.41% (corresponding to 1,099,682 votes) are to be assigned to it in accordance with § 22 Para. 1 Sentence 1 No. 6 WpHG.

d. APG Groep N.V., Heerlen, Netherlands, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the level of 3% on 1 July 2009 and stood at 3.48% (1,089,760 votes) on this date. Of these, 3.48% of the voting rights (1,089,760 votes) are to be assigned to APG Groep N.V. pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Voting rights held by the following shareholders holding 3% or more of the voting rights in DIC Asset AG are to be assigned to APG Groep N.V: APG Algemene Pensioen Groep N.V.

e. Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, Germany fell below the levels of 10%, 5% and 3% on 5 April 2011 and subsequently amounted to 0.19% (this equates to 86,946 votes)

f. Morgan Stanley, Wilmington, Delaware, USA, acting in its own name and on behalf of the subsidiaries listed below, informed us pursuant to § 21 Para. 1 and § 24 WpHG that

– MSREF V Marble B.V., Amsterdam, Netherlands, fell below the level of 10% of voting rights in DIC Asset AG, Frankfurt am Main, Germany on 6 April 2010 and now holds 8.32% of voting rights (3,262,022 shares, each with a voting right); and

– MSREF V Cosmos B.V., Amsterdam, Netherlands, fell below the level of 10% of voting rights in DIC Asset AG, Frankfurt am Main, Germany, on 6 April 2010 and now holds 8.32% of voting rights (3,262,022 shares, each with a voting right). These shares of voting rights are to be assigned in full by MSREF V Marble B.V. to MSREF V Cosmos B.V. pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG; and

– MSREF V International Holdings Coöperatif, U.A., Amsterdam, Netherlands, fell below the level of 10% of voting rights in DIC Asset AG, Frankfurt am Main, Germany, on 6 April 2010 and now holds 8.32% of voting rights (3,262,022 shares, each with a voting right). These shares of voting rights are to be assigned in full by MSREF V Cosmos B.V. and MSREF V Marble B.V. pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG; and

  – Morgan Stanley Real Estate Fund V International-TE, L.P., Wilmington, Delaware, USA,
  – Morgan Stanley Real Estate Fund V International-T, L.P., Wilmington, Delaware, USA,
  – Morgan Stanley Real Estate Investors V International, L.P., Wilmington, Delaware, USA,
  – Morgan Stanley Real Estate Fund V Special International, L.P., Wilmington, Delaware, USA,

  fell below the level of 10% of voting rights in DIC Asset AG, Frankfurt am Main, Germany, on 6 April 2010 and now hold 8.32% of voting rights (3,262,022 shares, each with a voting right). These voting rights are to be assigned by MSREF V International Holdings Coöperatif, U.A., MSREF V Cosmos B.V. and MSREF V Marble B.V. to the abovementioned companies in each case pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG; and

– MSREF V International-GP, LLC, Wilmington, Delaware, USA fell below the level of 10% of voting rights in DIC Asset AG, Frankfurt am Main, Germany, on 6 April 2010 and now holds 8.32% of voting rights (3,262,022 shares, each with a voting right). These voting rights are to be assigned in full to MSREF V, LLC pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG by

  – Morgan Stanley Real Estate Fund V International-TE, L.P.
  – Morgan Stanley Real Estate Fund V International-T, L.P.
  – Morgan Stanley Real Estate Investors V International, L.P.
  – Morgan Stanley Real Estate Fund V Special International, L.P.
  – MSREF V International Holdings Coöperatif, U.A.
  – MSREF V Cosmos B.V.
  – and MSREF V Marble B.V.

  and

– MSREF V, LLC, Wilmington, Delaware, USA fell below the level of 10% of voting rights in DIC Asset AG, Frankfurt am Main, Germany, on 6 April 2010 and now holds 8.32% of voting rights (3,262,022 shares, each with a voting right). These voting rights are to be assigned in full to MSREF V, LLC pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG by

  – MSREF V International-GP, LLC
  – Morgan Stanley Real Estate Fund V International-TE, L.P.
  – Morgan Stanley Real Estate Fund V International-T, L.P.
  – Morgan Stanley Real Estate Investors V International, L.P.
  – Morgan Stanley Real Estate Fund V Special International, L.P.
  – MSREF V International Holdings Coöperatif, U.A.
  – MSREF V Cosmos B.V.
  – und MSREF V Marble B.V.

  and

– MSREF V Inc., Wilmington, Delaware, USA fell below the level of 10% of voting rights in DIC Asset AG, Frankfurt am Main, Germany, on 6 April 2010 and now holds 8.32% of

voting rights (3,262,022 shares, each with a voting right). These voting rights are to be assigned in full to MSREF V Inc. pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG by

– MSREF V, LLC
– MSREF V International-GP, LLC
– Morgan Stanley Real Estate Fund V International-TE, L.P.
– Morgan Stanley Real Estate Fund V International-T, L.P.
– Morgan Stanley Real Estate Investors V International, L.P.
– Morgan Stanley Real Estate Fund V Special International, L.P.
– MSREF V International Holdings Coöperatif, U.A.
– MSREF V Cosmos B.V.
– and MSREF V Marble B.V.

and

– Morgan Stanley, Wilmington, Delaware, USA, fell below the levels of 15 % and 10 % of voting rights in DIC Asset AG, Frankfurt am Main, Germany, on 7 April 2010 and now holds 8.33 % (3,265,468 shares, each with a voting right). Of these voting rights, 8.32% (3,262,022 shares, each with a voting right) are to be assigned pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG by

– MSREF V Incorporated
– MSREF V, LLC
– MSREF V International-GP, LLC
– Morgan Stanley Real Estate Fund V International-TE, L.P.
– Morgan Stanley Real Estate Fund V International-T, L.P.
– Morgan Stanley Real Estate Investors V International, L.P.
– Morgan Stanley Real Estate Fund V Special International, L.P.
– MSREF V International Holdings Coöperatif, U.A.
– MSREF V Cosmos B.V.
– and MSREF V Marble B.V.

and 0.009% (3,446 shares, each with a voting right) are to be assigned pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG.

g. APG Algemene Pensioen Groep N.V., Heerlen, Netherlands, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG (ISIN: DE0005098404) exceeded the level of 3% on 1 July 2009 and now stands at 3.48% (1,089,760 voting rights).

h. DICP Capital SE, Munich, Germany, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the levels of 3%, 5%, 10%, 15%, 20%, 25% and 30% on 17 September 2009 and now amounts to 39.37% (corresponding to 12,342,634 votes). 39.37% of these voting rights are to be assigned to the company (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies controlled by DICP Capital SE, namely DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG, DIC Grund- und Beteiligungs GmbH and DIC Capital Partners (Europe) GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

i. solvia Vermögensverwaltungs GmbH, Wolfenbüttel, Germany, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the levels of 3% and 5% on 20 May 2009 and now totals 5.11% (1,602,522 voting rights).

j. F. Rehm, Germany, informed us pursuant to § 21 Para. 1 WpHG that his share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the levels of 3% and 5% on 20 May 2009 and now totals 5.11% (1,602,522 voting rights). 5.11% of these voting rights are assigned to him as voting rights (1,602,522 voting rights) pursuant to § 22 Para. 1 Sentence 3 No. 1 WpHG via solvia Vermögensverwaltungs GmbH, Wolfenbüttel, Germany, whose share of voting rights totals 3% or more.

k. Massachusetts Mutual Life Insurance Company, USA, informed us pursuant to §§ 21 Para. 1, 24 WpHG:
Correction to the voting rights notification pursuant to § 21 Para. 1, 24 WpHG
OppenheimerFunds Inc., Centennial, Colorado, USA, fell below the 3% level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are to be assigned to OppenheimerFunds Inc. pursuant to § 22 Para. 1 Sentence 1 No. 6 WpHG.

Voting rights notification pursuant to § 21 Para. 1, 24 WpHG:
Oppenheimer Acquisition Corp., Centennial, Colorado, USA, fell below the 3% level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2,91% (911,3030 voting rights), which are to be assigned to Oppenheimer Acquisition Corp. pursuant to § 22 Para. 1 Sentence 1 No. 6 Sentence 2 WpHG.

Voting rights notification pursuant to § 21 Para. 1, 24 WpHG
MassMutual Holding LLC, Springfield, Massachusetts, USA, fell below the 3% level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are to be assigned to MassMutual Holding LLC pursuant to § 22 Para. 1 Sentence 1 No. 6 Sentence 2 WpHG.

Correction to the voting rights notification pursuant to § 21 Para. 1, 24 WpHG
Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts, USA, fell below the 3% level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are to be assigned to Massachusetts Mutual Life Insurance Company pursuant to § 22 Para. 1 Sentence 1 No. 6 Sentence 2 WpHG.

l. DIC Opportunity Fund GmbH, Frankfurt am Main, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the level of 3% on 14 July 2008. DIC Opportunity Fund GmbH's share of voting rights now totals 4.85 % (corresponding to 1,519,000 votes).

m. Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, voluntarily informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 14.04% of these voting rights are to be assigned to the company (corresponding to 4,400,668 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies it controls, namely DIC ML GmbH and DIC Opportunity Fund GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

n. Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main, voluntarily informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 39.37% of these voting rights are to be assigned to the company (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies it controls, namely DIC ML GmbH, DIC Opportunity Fund GmbH and Deutsche Immobilien Chancen AG & Co. KGaA, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

o. DIC Grund- und Beteiligungs GmbH, Erlangen, voluntarily informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 39.37% of these voting rights are to be assigned to the company (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies it controls, namely DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA and Deutsche Immobilien Chancen Beteiligungs AG, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

p. DIC Capital Partners (Europe) GmbH, Munich, voluntarily informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 39.37% of these voting rights are to be assigned to the company (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies it controls, namely DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG and DIC Grund- und Beteiligungs GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

q. GCS Verwaltungs GmbH, Glattbach, voluntarily informed us pursuant to § 21 Abs. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 39.37% of these voting rights are to be assigned to the company (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies it controls, namely DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG, DIC Grund- und Beteiligungs GmbH and DIC Capital Partners (Europe) GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

r. Prof. Dr. Gerhard Schmidt, Germany, voluntarily informed us pursuant to § 21 Para. 1 WpHG that his share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 39.37% of these voting rights are to be assigned to him (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies he controls, namely DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG, DIC Grund- und Beteiligungs GmbH, DIC Capital Partners (Europe) GmbH and GCS Verwaltungs GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

s. European Investors Inc., New York, USA, also informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the level of 5% on 17 January 2008 and now stands at 5.04% (1,581,134 voting rights). Of these, 5.04% (1,581,134 voting rights) are to be assigned to European Investors Inc. pursuant to § 22 Para. 1 Sentence 1 No. 6 WpHG.

t. Stichting Pensioenfonds ABP, Heerlen, Netherlands, informed us pursuant to § 21 Para. 1 Sentence 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main exceeded the level of 3% on 4 October 2007 and now amounts to 3.23% (which equates to 921,580 voting rights).

u. FMR Corp., Boston, Massachusetts, USA, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG fell below the level of 3% on 1 February 2007 and now stands at 1.71%. The voting rights are assigned to FMR Corp. pursuant to § 22 Para. 1 Sentence 2 WpHG in conjunction with § 22 Para. 1 Sentence 1 No. 6 WpHG.

GLOSSARY

Acquisition volume
The total of the purchase prices for acquired real estate (with notarisation) within a reporting period.

Annualised rent
Annual rental income of a property based on current rent.

Asset management
Value-orientated running and/or optimisation of properties through leasing management, repositioning or modernisation.

Cash flow
Measure that shows the net inflow of cash from sales activities and other current activities during a given period.

Change of control clause
Contractual provision in the event of a takeover by another company.

Co-Investments
Comprises the investments in which DIC Asset AG holds a significant stake, typically minority interests of 20%. This includes co-investments in special funds and joint venture investments. Shares in these investments are consolidated as associates using the equity method.

Commercial portfolio
The Commercial Portfolio represents the existing portfolio of DIC Asset AG including the direct real estate investments ("investment properties"). Properties in this portfolio are reported under "Investment properties".

Core real estate
Properties let on long-term leases to tenants with outstanding credit ratings in the best locations are described as "core real estate".

Corporate governance
Rules for sound, responsible business management. The aim is for management in line with values and standards in accordance with shareholders and other interested groups. The annual declaration of conformity to the German Corporate Governance Code provides a tool to assess the corporate governance.

Debt ratio
Ratio of balance sheet debt to balance sheet total.

Derivative financial instruments
Derivative financial instruments, or derivatives, are reciprocal contracts, whose price determination is generally based on the trend of a market-dependent underlying security (e.g. shares or interest rates). They are used for various reasons, including hedging financial risks.

Disposal volume
The total of the sales prices for the sold real estate (with notarisation) within a reporting period.

Earnings from associates
Covers the earnings of the DIC Asset AG co-investments calculated in accordance with the equity method. Includes income from the management of real estate and profits on sales among other sources, calculated proportionately in each case.

EBIT
Earnings before Interest and Taxes.

EBITDA
Earnings before Interest, Taxes, Depreciation and Amortisation.

EPRA earnings
The EPRA earnings are a measure for the sustained and continuous performance by a real estate portfolio and is comparable with the calculation of funds from operations (FFO). In calculating it, all non-recurring income components are eliminated. These include valuation effects and the result of the sale of properties and project developments.

EPRA-index
EPRA (European Public Real Estate Association) index family, used internationally, that details the performance of the world's largest listed real estate companies.

Equity method
Consolidation and valuation method for associates in the consolidated financial statements based on the share of updated equity and earnings. DIC Asset AG reports its shares in Co-Investments using this method.

Fair value
The fair value is the amount for which an asset could be exchanged, or a liability settled, between competent, independent business partners.

Fee
Payment for services to third parties or payment obligation as a result of using third-party services.

FFO (Funds from operations)
Operating income from property management, before depreciation, tax and profits from sales and development projects.

Financial covenants
Financial covenants are conditions stipulated by financial institutions when granting loans. They are linked to the achievement of financial key figures (e.g. interest service coverage ratio [ISCR], and debt service cover ratio [DSCR]) during the term.

Gross rental income
Correspond to the contractually agreed rent, plus/minus the rental incentives to be distributed over the lease agreement in accordance with IFRS from investment rent and rent-free periods.

Hedge (Cash flow hedge, Fair value hedge)
Agreement of a contract to safeguard and compensate for financial risk positions.

Impairment test
Obligatory periodic comparison under IFRS of market and book values and the assessment of potential signs of a sustained impairment in the value of assets.

Interest cover ratio
Ratio of interest expense to net rental income.

Interest rate swap
In the case of interest rate swaps, cash flows from fixed and variable interest-bearing loans are swapped between counterparties. This can be used, for example, to ensure a certain interest rate and thereby minimise risks from interest rate rises.

Investment properties
Investment properties are investments in land and/or buildings that are held for the purposes of earning income from rents and leases, and/or for capital appreciation. They are reported as "Investment properties" in accordance with the International Accounting Standards (IAS 40). DIC Asset AG values investment properties at cost less depreciation in accordance with IAS 40.56.

IFRS (International Financial Reporting Standards)
IFRS have applied to listed companies since 1.1.2005. This should facilitate worldwide comparability of capital market-orientated companies. The focus is on information that is easy to understand and fair is paramount, ahead of protection of creditors and risk-related matters.

Joint venture portfolio
Investment properties with strategic finance partners in the area of co-investments, in which DIC Asset AG has a significant stake, typically minority interests of 20%.

Letting volume
Rental space, for which rental agreements for new tenancies or renewals have been concluded for a given period.

Like-for-like rental income
Like-for-like rental income is rental income from properties in a portfolio that existed continuously in the portfolio within a given period. Changes due to portfolio additions and disposals are therefore not included here. In comparison with the start of the period, the effect of the letting activity, among other aspects, becomes clear.

Market capitalisation
Total market value of a company listed on the stock exchange, resulting from the share price multiplied by the number of shares issued.

NAV (net asset value)
Represents the intrinsic value of a company. The net assets are calculated as the fair value of the assets less liabilities.

Non-recourse financing
Financing at property or portfolio level, whereby recourse to other assets within the scope of the Group is excluded. In the case of non-recourse financing, lenders tailor their lending to the property or the portfolio, as well as the cash flow from the rental income.

Operating leasing
Term connected with international valuation rules. It describes a periodic lease agreement that is not fully amortised by the lessor's financing costs.

Operating cost ratio
Personnel and administration expenses less the income from real estate management in relation to the net rental income.

Real estate special funds
Real estate special funds are open-ended real estate funds that are launched solely for institutional investors (such as insurance companies, pension funds, benefit funds, foundations, etc.) via a capital investment company. Real estate special funds are regulated according to the German Investment Act and are supervised by the German Federal Financial Supervisory Authority (BaFin).

Peak rents
The peak rent is the highest possible rent that could be expected in the market for a prime quality, suitably equipped office unit in the best location.

Percentage of completion method
The percentage of completion method is used in long-term project developments to assess the profit based on the degree of completion (performance progress).

Prime standard
Segment of the Frankfurt Stock Exchange with the greatest relevance and degree of regulation, as well as the highest level of transparency.

Proceeds from disposals
Pro-rata income from disposals of investment property (investments in real estate) after transfer of ownership.

Property management
Complete property servicing by own efforts or by management of commercial, infrastructure and technical service providers.

Redevelopment
Redevelopment is any type of measure to develop property that is already in use.

Refurbishment
Generally, structural changes to a building aimed at improving a building's quality and/or fixtures and fittings.

Rental yield
Ratio of contractually agreed rent to current market value of the real estate.

Valuation of acquisition or production costs
When acquisition and production costs are valued, the costs for capitalisation are used that accrued for the creation (production costs) or purchase (acquisition costs). The balance sheet value of depreciable assets is reduced by scheduled and, if necessary, unscheduled depreciation. Also referred to as "At cost accounting".

Value in use
Present value of future cash flows to be earned through the use of an asset. In contrast to the fair value, which is orientated towards sales and markets, the value in use reflects the specific value of the continued use of an asset from the point of view of the company.

QUARTERLY FINANCIAL DATA 2012

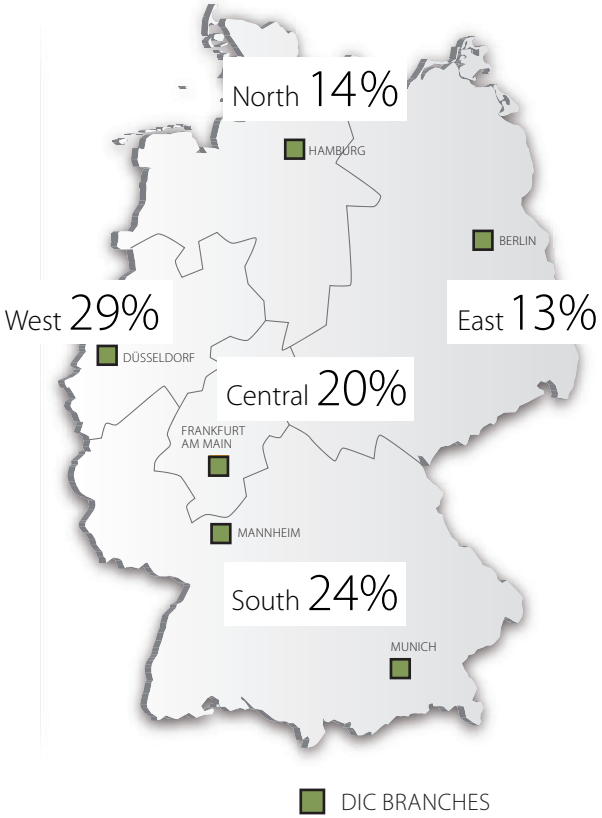
EUR million	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Gross rental income	31.1	31.4	31.8	32.2
Net rental income	28.1	28.0	28.3	28.8
Fees from real estate management	1.2	1.1	1.3	2.1
Investment property disposal proceeds	2.8	0.1	2.9	69.9
Profit from investment property disposals	0.5	0.1	0.2	3.0
Share of the profits of associates	0.9	0.5	0.5	-0.1
Funds from Operations (FFO)	10.5	10.8	10.9	12.7
EBITDA	24.6	24.6	24.5	28.4
EBIT	16.6	16.6	16.3	19.0
Profit for the period	2.6	2.6	2.5	4.1
Cash generated from operating activities	10.2	10.0	15.4	8.3
Market value of investment property	2,218.1	2,216.5	2,246.8	2,223.5
Total assets	2,254.2	2,249.3	2,251.6	2,210.2
Equity	622.0	622.5	606.6	614.3
Net debt equity ratio in %*	31.4	31.4	30.4	31.2
Total liabilities	1,632.2	1,626.8	1,645.0	1,595.9
Net debt ratio in %*	68.6	68.6	69.6	68.8
FFO per share (in EUR)	0.23	0.24	0.24	0.27

* Net of cash and excl. hedging reserve, derivatives, deferred tax for hedges

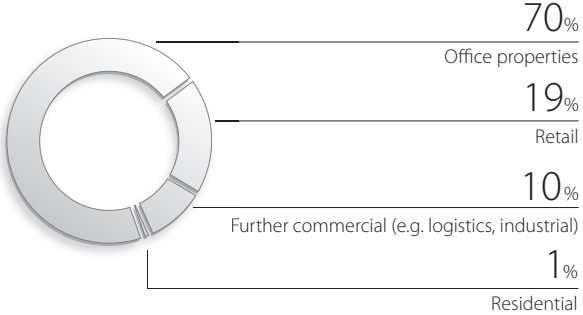
MULTI-YEAR OVERVIEW

EUR million	2008	2009	2010	2011	**2012**
Gross rental income	134.5	133.6	124.9	116.7	**126.5**
Net rental income	126.2	123.8	113.9	106.8	**113.2**
Fees from real estate management	3.1	3.4	3.5	5.3	**5.7**
Investment property disposal proceeds	49.9	15.2	81.2	17.7	**75.7**
Profit from investment property disposals	9.8	1.5	5.1	1.7	**3.8**
Share of the profits of associates	8.8	7.5	7.8	2.6	**1.8**
Funds from Operations (FFO)	42.7	47.6	44.0	40.8	**44.9**
EBITDA	125.0	110.8	101.7	95.6	**102.1**
EBIT	97.0	80.3	70.9	66.0	**68.5**
Profit for the period	25.2	16.1	13.5	10.6	**11.8**
Cash generated from operating activities	37.2	38.7	37.7	38.4	**43.9**
Market value of investment property	2,161.8	2,192.2	2,001.8	2,202.3	**2,223.5**
Net asset value	492.8	497.1	598.5	678.8	**685.4**
Total assets	2,214.8	2,213.4	2,046.3	2,244.6	**2,210.2**
Equity	533.8	530.7	584.1	622.0	**614.3**
Net debt equity ratio in %*	26.2	26.7	32.7	31.6	**31.2**
Total liabilities	1,681.0	1,682.7	1,462.2	1,623.3	**1,595.9**
Net debt ratio in %*	73.8	73.3	67.3	68.4	**68.8**
FFO per share (in EUR)	1.37	1.47	1.15	0.92	**0.98**
Net Asset Value per share (in EUR)	16.23	15.86	15.27	14.85	**14.99**
Dividend per share (in EUR)	0.30	0.30	0.35	0.35	**0.35**

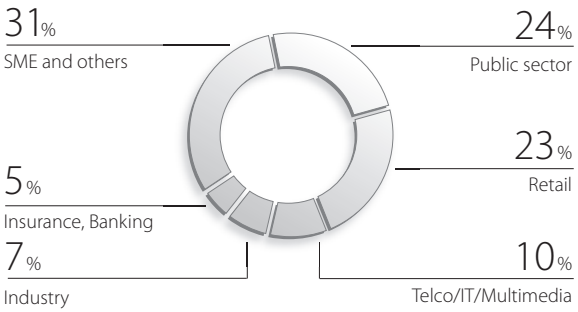
* Net of cash and excl. hedging reserve, derivatives, deferred tax for hedges



TYPES OF USE
by pro rata rental income p.a.



TENANT STRUCTURE
by pro rata rental income p.a.

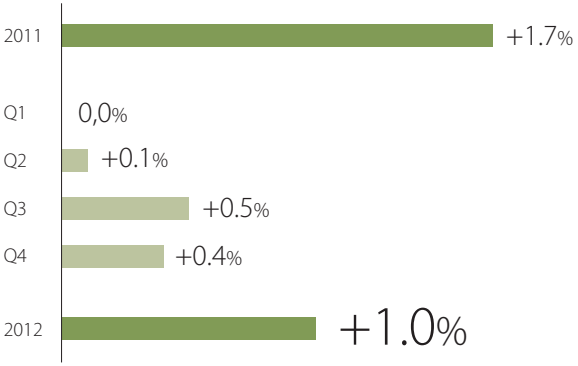


PORTFOLIO BY REGION *

	North	East	Central	West	South	**Total 2012**	Total 2011
Number of properties	45	34	57	62	71	**269**	278
Market value in EUR million	238.1	270.7	642.4	656.6	415.7	**2,223.5**	2,202.3
Rental space in sqm	176,600	157,700	254,100	365,700	301,900	**1,256,000**	1,228,100
Portfolio proportion by rental space	14%	13%	20%	29%	24%	**100%**	
Annualised rental income in EUR million	15.6	20.7	31.8	43.3	30.5	**141.9**	139.5
Rental income in EUR per sqm	7.80	11.50	12.40	10.90	8.70	**10.30**	10.50
Lease maturity in years	6.2	4.3	6.0	5.3	4.1	**5.2**	5.5
Gross rental yield	6.7%	7.6%	6.0%	6.6%	7.4%	**6.8%**	6.6%
Vacancy rate	5.2%	7.8%	18.8%	12.1%	7.6%	**10.9%**	12.4%

* All figures pro rata, except number of properties; all figures excluding developments, except number of properties and market value

GROWTH IN RENTAL INCOME like-for-like in %



Commercial Portfolio

88%

- High rental yields with continuous cashflows from investment properties
- Preserving values and taking advantage of value creation
- Mid to long-term investment horizon
- Selective disposals at appropriate time

12%

Co-Investments

Funds

- Core property in major cities
- Steady income from investments and services

Joint Venture portfolio

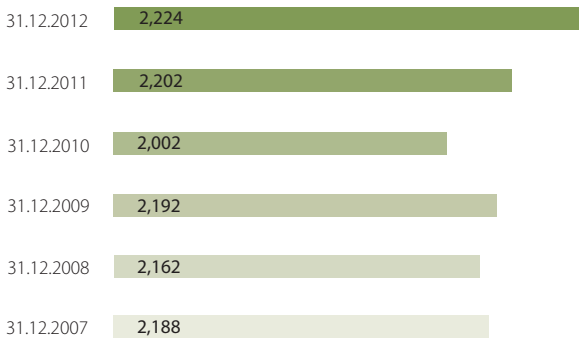
- Investments with potential for value creation and new positioning
- Upside potential through developments and refurbishments
- Ongoing fee income from asset and property management

OVERVIEW PORTFOLIO*

	Commercial Portfolio	Co-Investments	**Total 2012**	Total 2011
Number of properties	157	112	**269**	278
Market value in EUR million	1,874.1	349.3	**2,223.5**	2,202.3
Rental space in sqm	1,102,100	155,700	**1,256,000**	1,228,100
Portfolio proportion by rental space	88%	12%	**100%**	
Annualised rental income in EUR million	126.3	15.7	**141.9**	139.5
Rental income in EUR per sqm	10.40	9.20	**10.30**	10.50
Lease maturity in years	5.2	5.0	**5.2**	5.5
Gross rental yield	6.8%	6.5%	**6.8%**	6.6%
Vacancy rate	10.7%	11.9%	**10.9%**	12.4%

* All figures pro rata, except number of properties; all figures excluding developments, except number of properties and market value

GROWTH OF PORTFOLIO VOLUME EUR million



MANAGEMENT BOARD

Markus Koch (Board Member, CFO) and Ulrich Höller (Chairman of the Board, CEO)

CONTACT

DIC Asset AG

Eschersheimer Landstraße 223
60320 Frankfurt am Main

Tel. +49 (0) 69 9 45 48 58-86
Fax +49 (0) 69 9 45 48 58-99

ir@dic-asset.de
www.dic-asset.de

Publisher:
DIC Asset AG

Concept and Realisation:
LinusContent AG, Frankfurt am Main
www.linuscontent.com

Forward-looking statements

This annual report contains statements that refer to future developments. Such statements constitute assessments that have been taken in the light of the information available. Should the assumptions on which they are based not prove accurate, or should – as specified in the section entitled Risk Report – risks occur, the actual results may differ from those anticipated.

Note

This report is published in German (original version) and English (non-binding translation).